

SENATE BILL REPORT

HB 2482

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 22, 2012

Title: An act relating to designating innovation partnership zones.

Brief Description: Designating innovation partnership zones.

Sponsors: Representatives Kenney, Finn, Ryu, Hasegawa and Stanford.

Brief History: Passed House: 2/09/12, 81-16.

Committee Activity: Economic Development, Trade & Innovation: 2/15/12, 2/22/12 [DPA].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: Do pass as amended.

Signed by Senators Kastama, Chair; Chase, Vice Chair; Hatfield, Holmquist Newbry, Kilmer and Shin.

Staff: Jack Brummel (786-7428)

Background: In 2007 the Legislature established the Innovation Partnership Zone (IPZ) program through which the state would encourage and support research institutions, workforce training organizations, and globally competitive companies working cooperatively in close geographic proximity to create commercially viable products and jobs.

Using specified criteria, the Department of Commerce (Department) with the advice of the Washington Economic Development Commission (Commission) designates IPZs for a period of four years. An IPZ must be administered by an economic development council, port, workforce development council, city, or county. An IPZ may renew its designation through a reapplication process, and may lose its designation for failure to meet performance standards.

IPZs are eligible for funds as provided by the Legislature or at the discretion of the Governor. There are currently 14 IPZs in Washington.

Summary of Bill (Recommended Amendments): An IPZ must have an industry cluster, which is defined as a geographic concentration of interconnected companies in a single

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industry; related businesses in other industries, including suppliers and customers; and associated institutions, including government and education.

A firm's global competitiveness can be signified by evidence of sales in international markets.

When designating IPZs, the Department must use criteria it develops in consultation with the Commission, rather than other criteria recommended by the Commission.

An IPZ may be eligible for Local Improvement District (LID) and Community Economic Revitalization Board funds if it meets all of the other requirements to obtain such funding.

For applicants that do not receive an IPZ designation, the Department must:

- identify deficiencies in the proposal and recommend steps to strengthen the proposal;
- provide the applicant with the opportunity to appeal the decision to the Director of the Department; and
- allow the applicant to reapply for IPZ designation during the following calendar year or any subsequent application cycle.

The required IPZ performance measures must be provided to the Department on an annual basis.

The general objectives of the Community Economic Revitalization Board (CERB) include enhancing job and business growth through facility development and other improvements in IPZs. For purposes of CERB financing and sales and use tax proceeds for public facilities in rural counties, the term public facilities includes research, testing, training, and incubation facilities in IPZs.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Amendments): The general objectives of the Community Economic Revitalization Board (CERB) include enhancing job and business growth through facility development and other improvements in IPZs. For purposes of CERB financing and using sales and use tax proceeds for public facilities in rural counties, the term public facilities includes research, testing, training, and incubation facilities in IPZs.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: OTHER: Sultan worked with Monroe and Snohomish on an IPZ idea related to outdoor equipment. The bill should have some alternatives so smaller communities can take part.

Persons Testifying: OTHER: Ted Jackson, City of Sultan.