

HOUSE BILL REPORT

SB 5784

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to the joint center for aerospace technology innovation.

Brief Description: Concerning the joint center for aerospace technology innovation.

Sponsors: Senators Holmquist Newbry, Hewitt, Harper, Eide, Hobbs, Keiser, Becker, Hasegawa, Shin, Kline, Braun, Fain and Conway; by request of Governor Inslee.

Brief History:

Committee Activity:

Technology & Economic Development: 3/19/13, 4/2/13 [DP].

Brief Summary of Bill

- Authorizes the Governor to use funds from the Economic Development Strategic Reserve Account for the Joint Center for Aerospace Technology Innovation (Center).
- Repeals sunset review and repeal provisions concerning the Center.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 16 members: Representatives Morris, Chair; Habib, Vice Chair; Smith, Ranking Minority Member; Crouse, Assistant Ranking Minority Member; Dahlquist, Hudgins, Kochmar, Magendanz, Maxwell, Morrell, Stonier, Tarleton, Vick, Walsh, Wylie and Zeiger.

Staff: Jasmine Vasavada (786-7301).

Background:

The Economic Development Strategic Reserve Account.

The Legislature created the Economic Development Strategic Reserve Account (Account) in 2005, from which only the Governor, with the recommendation of the Director of Commerce and the Washington Economic Development Commission, may authorize expenditures. The Account may contain a maximum of \$15 million at any time, with any excess being

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transferred to the Education Construction Account. During the fiscal biennia ending 2011 and 2013, transfer of moneys from the Account into the State General Fund is also authorized.

Funds must be used to support the Washington Economic Development Commission staff and operational costs. Funds may also be used to prevent closure of or to recruit a business or facility, or to fund workforce development, public infrastructure, and other assistance, when it is in the public interest and provided under a contractual arrangement ensuring that the state will receive appropriate consideration.

Funds may not be expended unless the timely procurement of funding from other state sources is not possible, and funding is accompanied by, and will not supplant, private investment. Any businesses assisted must produce significant economic benefits, including jobs or higher income, and may not require a continuing state subsidy.

The Joint Center for Aerospace Technology Innovation.

The Joint Center for Aerospace Technology Innovation (Center) was created in 2012 to pursue joint industry-university research that can be used in aerospace firms, enhance the education of engineering students, and work with the aerospace industry to identify research needs and opportunities to transfer off-the-shelf technologies. The Center operates under the joint authority of the University of Washington and Washington State University. The Center's Board of Directors (Board) is appointed by the Governor and represents a cross-section of the aerospace industry and higher education. The Board must:

- identify research areas to benefit the aerospace industry in Washington;
- identify entrepreneurial researchers and a plan for recruiting such researchers;
- assist firms in integrating existing technologies into their operations;
- align the Center's activities with those of Impact Washington and Innovate Washington;
- ensure that students enrolled in an aerospace engineering curriculum have direct experience with aerospace firms;
- assist researchers and firms in guarding intellectual property;
- promote collaboration between industry and faculty; and
- develop non-state support for research.

By June 30, 2013, the Board must develop an operating plan that includes specifics on how the Center will accomplish its duties. The Board must provide a biennial report to the Legislature and the Governor. The Center may solicit funds from a variety of sources to carry out its duties. The Joint Legislative Audit and Review Committee must conduct a formal sunset review that includes an evaluation of program effectiveness and is due July 1, 2015. The Center's authorizing statute is repealed, effective July 1, 2016.

Summary of Bill:

The Governor may authorize expenditure of funds from the Account for the Center. Sunset review and repeal provisions related to the Center are repealed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is an important part of Governor Inslee's Working Washington Agenda. The Center was created in response to a recommendation by the Project Pegasus Report. It is an important part of developing the state's aerospace cluster.

(Opposed) None.

Persons Testifying: Alex Pietsch, Governor's Office of Aerospace.

Persons Signed In To Testify But Not Testifying: None.