

SENATE BILL REPORT

SHB 1866

As of Second Reading

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

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

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Morris, Smith, Lias, Maxwell, Morrell, Habib, Ryu, Sells, Hansen and Hudgins; by request of Governor Inslee).

Brief History: Passed House: 3/09/13, 93-4; 6/26/13, 84-3.

Committee Activity: Trade & Economic Development: 3/21/13, 3/28/13, 4/02/13 [DP-WM, w/oRec].

Ways & Means: 4/08/13.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Braun, Chair; Smith, Vice Chair; Baumgartner, Holmquist Newbry, Schlicher and Shin.

Minority Report: That it be referred without recommendation.

Signed by Senator Chase, Ranking Member.

Staff: Edward Redmond (786-7471)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7710)

Background: The Economic Development Strategic Reserve Account (Account). The Legislature created the Account in 2005. The Account is funded with one-third of unclaimed prize money from the state lottery. A maximum of \$15 million may be in the Account at any time, with any excess being transferred to the Education Construction Account.

The Governor may authorize expenditures from the Account with the recommendation of the Director of Commerce and the Washington Economic Development Commission. Funds must be used to support the Economic Development Commission. Funds may also be used

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to attract businesses and prevent business closure or relocation. Authorized uses include funding workforce development, public infrastructure, and other assistance provided contractually with an assurance of job creation or retention. 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 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 the steps the universities will take to recruit 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 obligations. 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: Expenditures from the Account may be authorized for the Center.

Sunset review of the Center is extended from July 1, 2015 to July 1, 2020. The act creating the Center is repealed, effective July 1, 2021.

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 (Trade & Economic Development): PRO: The sunset review and performance milestones are important. This will allow a lengthier time to demonstrate the success and value of the Center.

Persons Testifying (Trade & Economic Development): PRO: Representative Morris, prime sponsor; Alex Pietsch, Governor's Office of Aerospace.

Staff Summary of Public Testimony (Ways & Means): PRO: The Center is a useful tool for providing the workforce needs of the aerospace industry. In its first year, the Center drove positive industry collaboration and we are in support of its continuation.

Persons Testifying (Ways & Means): PRO: James Paribello, Office of the Governor; Chris Mulick, WA State University; Margaret Shepherd, University of WA.