

SENATE BILL REPORT

E2SHB 2029

As of February 21, 2014

Title: An act relating to eliminating the economic development-related agencies, boards, and commissions.

Brief Description: Eliminating the economic development-related agencies, boards, and commissions.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Morris and Hudgins).

Brief History: Passed House: 2/13/14, 88-9.

Committee Activity: Trade & Economic Development: 2/20/14.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Staff: Jeff Olsen (786-7428)

Background: Economic Development Commission. The Legislature established the Washington Economic Development Commission (Commission) in statute as an advisory body to the Department of Commerce (Department). The purpose of the Commission is to assist the Governor and Legislature by providing leadership, direction, and guidance on a long-term and systematic approach to economic development. The 24-member Commission consists of 15 voting members appointed by the Governor, plus five agency directors and four legislators who serve as nonvoting ex-officio members. The 2013-15 Omnibus Appropriations Act eliminated funding for the Commission and directed a workgroup to develop recommendations for changes to the Commission's purpose.

Innovate Washington. In 2011 the Legislature created Innovate Washington as the successor agency to the Washington Technology Center and the Spokane Intercollegiate Research and Technology Institute to serve as the primary state agency focused on growing Washington's innovation-based economy and to respond to the technology transfer needs of existing businesses. Innovate Washington is governed by a 15-member board. The board consists of seven private-sector executives appointed by the Governor, four legislators, the Governor or Governor's designee, the president or designees from the University of Washington and Washington State University, and the Director of the Department. The 2013-15 Omnibus Appropriations Act eliminated state general fund support for Innovate Washington. The Legislature also created the Investing in Innovation Account as a nonappropriated account in

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the custody of the State Treasurer. Innovate Washington has a performance agreement with the Innovate Washington Foundation under which the Foundation delivers the services for which Innovate Washington is responsible.

Global Health Technologies. In 2010 the Legislature created the Washington Global Health Technologies and Product Development Competitiveness Program, to be administered by a nonprofit 501(c)(6) organization with a ten-member board of directors appointed by the Governor. This entity must contract with the Department for management services. The board's duties include soliciting funds from businesses, foundations, and the federal government, and making grants for development of global health technologies and products.

Washington Tourism Commission (WTC). The Legislature created WTC in 2007 as the successor to the Tourism Development Advisory Committee. WTC and its activities and responsibilities were eliminated during the 2011-2013 fiscal biennium in the Omnibus Appropriations Act. WTC accordingly ceased activity, but their responsibilities remain in statute. Among its statutory requirements are quarterly meeting requirements and a biennial report to the Legislature on tourism-related activities.

Microenterprise Development Program. In 2007 the Legislature created the Microenterprise Development Program to assist microenterprises in job creation by increasing the training, technical assistance, and financial resources available to them. The Department provides organizational support to a statewide microenterprise association and contracts with the association for the delivery of services and distribution of grants.

Summary of Bill: Economic Development Commission. The statutes providing for the creation of the Commission, the Legislature's intent for the creation of the Commission, and the duties and authorities of the Commission are repealed. All statutory references to the Commission and the statewide economic development strategy are removed.

Innovate Washington. The statutes creating Innovate Washington as a state agency, and providing for the agency's board of directors are repealed. All statutory references to Innovate Washington are removed. The Innovate Washington Program is created in the Department to support business growth in the state's innovation and technology sectors and facilitate statewide technology transfer and commercialization activities. The Innovate Washington Program expires June 30, 2015. The Department may contract with a nonprofit entity located in Washington that has experience facilitating commercialization and technology transfer activities to administer the Innovate Washington Program. Funds in the Investing in Innovation Account may be used by the Department directly or through contract for the stated allowable purposes, and expenditures may only be authorized by the Director of the Department. Real property of Innovate Washington is assigned and transferred to Washington State University (WSU). The master lease for the Spokane Technology Center is also assigned to WSU, and WSU must explore terminating the master lease.

Innovation Research Teams, Innovation Partnership Advisory Group, and the Entrepreneur-in-Residence Program. The Innovation Research Teams, Innovation Partnership Advisory Group, and the Entrepreneur-in-Residence program are eliminated.

Global Health Technologies. Requirements for board membership and the 501(c)(6) status of the nonprofit organization administering the Washington Global Health Technologies and Product Development Competitiveness Program are removed. Responsibility for contracting with the board to implement and manage the program is transferred from the Department to the Life Sciences Discovery Fund Authority. The Authority may receive up to 4 percent of the funds for administrative expenses.

WTC. The statutes creating WTC and providing for WTC's duties and responsibilities are repealed.

Microenterprise Development Program. The statute authorizing the Microenterprise Development Program is repealed. Definitions of microenterprise development organization and statewide microenterprise association are removed. A technical correction is made to the definition of small business.

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: PRO: WSU supports the transfer of the Innovate Washington buildings, is currently the largest tenant, and is eager to put the available space to use.

OTHER: The Innovate Washington Foundation supports the transfer of real property and the master lease to WSU. Language mandating WSU to purchase the building is not necessary. There are concerns about the House bill in its current form, and Innovate Washington prefers the Senate Bill, SB 6518. There is a technical problem with Section 217 of the bill regarding operation of the Riverpoint Building and the Spokane Technology Center building, no entities qualify under the language as drafted. There is not an adequate mechanism between the Innovate Washington Foundation and the Department to ensure federally funded grants and programs can continue in an effective manner.

Persons Testifying: PRO: Chris Mulick, WSU.

OTHER: Jim Hedrick, Innovate WA Foundation.