

# HOUSE BILL REPORT

## SSB 5387

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**As Reported by House Committee On:**  
Community & Economic Development & Trade

**Title:** An act relating to promoting economic development through commercialization of technologies.

**Brief Description:** Promoting economic development through commercialization of technologies.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Kilmer, Kauffman and Shin).

**Brief History:**

**Committee Activity:**

Community & Economic Development & Trade: 3/26/07, 3/29/07 [DPA].

**Brief Summary of Substitute Bill**  
**(As Amended by House Committee)**

- Directs the Department of Community, Trade and Economic Development to contract, on a competitive basis, a program to assist Washington's commercialization process.

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### HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and P. Sullivan.

**Staff:** Tracey Taylor (786-7196).

**Background:**

The Washington State Economic Development Commission (Commission) was created by the Legislature in 2003. The Commission issued a report in 2006, Enhancing Washington State's Economic Future, which found that, "a critical component of a vital state economy is the free

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and effective flow of new ideas from Washington's researchers and inventors into our companies' products and services; a process commonly called commercialization."

The report included recommendations to provide entrepreneurs with easier access to a database of new technology ideas and to provide tools that explain and demystify Washington's commercialization process. The report also recommended facilitating the availability of early-stage capital for innovative companies and making information on potential funding sources for innovative entrepreneurs more easily accessible.

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**Summary of Amended Bill:**

The Department of Community, Trade and Economic Development (DCTED) is to work with state universities and colleges as well as private and federal research institutions to: (1) supply a guide to commercialization and the particular forms of commercialization assistance available; (2) maintain a database of technologies and inventions available for commercialization and licensing; and (3) provide training to technical assistance providers on the provision of commercialization assistance.

The DCTED is also to develop a funding resource guide, offer workshops on accessing financing for commercialization, help novice investors learn about investing in technology-based companies, host events to connect entrepreneurs and investors, and maintain a web site for entrepreneurs and investors. Finally, the DCTED is to report on the impact of commercialization activities annually.

The DCTED is to contract out on a competitive bid all activities, except the annual report.

**Amended Bill Compared to Substitute Bill:**

The amended bill places the program in the DCTED, not the Washington Technology Center (WTC). In addition, the DCTED must contract out the activities, except the annual report, on a competitive bid basis.

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**Appropriation:** None.

**Fiscal Note:** New fiscal note requested on March 29, 2007.

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

**Staff Summary of Public Testimony:**

(In support) This bill takes the innovations out of the universities and labs and brings them into the market. Washington invests \$0.7 billion in research at the state universities. This is a great deal less than Alabama (\$1.3 billion), North Carolina (\$4.5 billion) and Colorado (\$4.6

billion). We need to maximize our current investment by linking it to commercialization and economic development.

Building upon the recommendations of the Washington State Economic Development Commission, the bill provides a framework for the commercialization of ideas by taking basic research and putting it into the hands of product developers and entrepreneurs. The WTC's mission fits squarely within this bill. Currently, each university has their own system for commercialization, and this bill would provide for the coordination of all these systems. In addition, it will connect the local communities via training and outreach.

(In support with concerns) Although we support the spirit of this bill, there are other groups in Washington who may be more appropriate to administer this program. The investor piece is a different role for the WTC and we really need some private sector leadership in this area. In addition, the Governor's budget had an Angel Investor Grant Program. We could link these two similar ideas by putting the program out to competitive bid. In addition, a competitive bid process would allow for broader outreach and accountability. The accountability should include measuring the impact on women and minority businesses who traditionally have a more difficult time accessing the system.

(Opposed) None.

**Persons Testifying:** (In support) Senator Kastama, prime sponsor; Lee Cheatham, Washington Technology Center; and Lincoln Ferris, Washington Association of Small Business Incubators.

(In support with concerns) Susannah Malarkey, Technology Alliance; and Velma Veloria, Community Ethnic Groups.

**Persons Signed In To Testify But Not Testifying:** None.