

# HOUSE BILL REPORT

## E2SSB 6015

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

**Title:** An act relating to the director of commercialization and innovation within the office of the governor.

**Brief Description:** Directing the department of community, trade, and economic development to review commercialization and innovation in the life sciences and technology sectors.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Murray, Delvin and Marr).

**Brief History:**

**Committee Activity:**

Community & Economic Development & Trade: 3/23/09, 3/26/09 [DPA];  
General Government Appropriations: 4/1/09, 4/3/09 [DPA(APPG w/o CEDT)].

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

- Requires the Department of Community, Trade and Economic Development (DCTED), in consultation with industry trade associations, to examine how the state can encourage and support the growth of innovation in the development and commercialization of life sciences and information technology.
- Prohibits state expenditures for the study and report from exceeding the amount of non-state resources or contributions provided.
- Requires the DCTED to report findings and recommendations to the Governor and the Legislature by December 1, 2009.
- Provides an expiration date of December 31, 2009.

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

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Liias, Orcutt, Parker, Probst and Sullivan.

**Staff:** Meg Van Schoorl (786-7105)

**Background:**

The *Department of Community, Trade and Economic Development (DCTED)* is an executive branch agency created in 1994 through the consolidation of the Department of Community Development and the Department of Trade and Economic Development. The DCTED is responsible for promoting community and economic development statewide by assisting communities to increase their economic vitality and the quality of their citizen's lives, and assisting the state's businesses to maintain and increase their economic competitiveness while maintaining a healthy environment.

The *Washington State Economic Development Commission (Commission)* is an 11-member body required to concentrate on planning, coordination, evaluation, policy analysis, and recommending improvements to the state's economic development system. Among its primary responsibilities, the Commission must develop and maintain on a biennial basis a state comprehensive plan for economic development, establish and maintain an inventory of programs, and report to the Legislature and the Governor on the appropriate state role in economic development.

Washington has a number of public and private sector organizations and initiatives directed at the creation of new technologies and encouragement of commercialization. Examples include the Life Sciences Discovery Fund, the Washington Technology Center, and the University of Washington TechTransfer Office.

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**Summary of Amended Bill:**

In consultation with specified industry trade associations, the DCTED must review how the state can encourage and support the growth of innovation in the development and commercialization of life sciences and information technology. The DCTED and the associations must: investigate and recommend strategies to increase the amount of local or regional capital targeted to pre-seed, seed, and other early stage investments in life sciences and information technology companies; examine state laws, rules, appropriations, and taxes, identify barriers and recommend alternatives that will support growth of these industries; evaluate the state's technology-based economic development efforts and recommend any additional infrastructure needed to assist companies at each stage of the business life cycle; and review the status of technology transfer and commercialization efforts by the state's public research universities.

The life sciences and information technology industries must provide 50 percent of the resources needed for the tasks and report. Without their commitment of resources by August 1, 2009, the tasks and report requirements will be null and void.

The DCTED must provide a draft report of its findings and recommendations to the Commission, which will compare the recommendations in the draft report to the relevant strategies adopted in the state's comprehensive economic development plan. The Commission will provide written observations to the DCTED on areas of alignment or non-alignment between the report and the plan. The DCTED will include the Commission's observations and any changes in response to its observations, in its final report to the Governor and the Legislature by December 1, 2009.

An expiration date of December 31, 2009 is provided.

**Amended Bill Compared to Original Bill:**

Responsibilities and areas of examination for the December 1, 2009 report to the Governor and the Legislature are clarified. The relevant industries are required to provide 50 percent of the total resources required; lack of such a commitment by August 1, 2009, will result in nullification of the required tasks and the report. The role of the Commission in comparing the DCTED's draft recommendations to the state's comprehensive economic development plan is clarified. An expiration date is added.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) There are great opportunities and also significant challenges confronting the rapidly emerging life sciences and information technology industries. This bill is a result of industry input, which has called out a number of challenges, among them: local fire and building codes and other regulations; competitive disadvantages with states and countries that give land and buildings to companies; and the costs of labor in manufacturing. The original version of the bill focused on creating a Governor's office director of innovation and commercialization. The current bill directs the DCTED, as it becomes the Department of Commerce, to consult with industry trade associations to review in a comprehensive way how the state can advance these industries and maintain a competitive edge. In some ways, the bill memorializes and continues the close work the industry is already doing with the DCTED.

(Opposed) None.

**Persons Testifying:** Senator Murray, prime sponsor; Vicki Austin, Washington Biomedical and Biotechnology Association; and Lew McMurrin Washington Technology Industry Association.

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

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## HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS

**Majority Report:** Do pass as amended by Committee on General Government Appropriations and without amendment by Committee on Community & Economic Development & Trade. Signed by 13 members: Representatives Darneille, Chair; Takko, Vice Chair; McCune, Ranking Minority Member; Armstrong, Blake, Crouse, Dunshee, Hudgins, Kenney, Pedersen, Sells, Short and Williams.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Hinkle, Assistant Ranking Minority Member.

**Staff:** Alex MacBain (786-7288)

### **Summary of Recommendation of Committee On General Government Appropriations Compared to Recommendation of Committee On Community & Economic Development & Trade:**

The General Government Appropriations Committee recommended prohibiting state expenditures for the study and report from exceeding the amount of non-state resources or contributions provided by the industry.

**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) It makes a lot of sense for the biotechnology and information technology sectors to work with the state and provide the in-kind resources required in the bill because this study will help these sectors grow in this state. These are sectors that currently have job openings available. This is a highly competitive sector and every state in the nation and every country want to get these industries to move to their state or country. Washington needs to approach these issues with laser-like focus if it wants to retain this cluster as a growth sector for this state. Washington was in the top five states in the country for these sectors, but has slipped to the top 10. The amendments adopted by the Community, Economic Development & Trade Committee will reduce the General Fund impact to \$30,000.

(Opposed) None.

**Persons Testifying:** Lew McMurrin, Washington Technology Industry Association; and Linda Hull, Washington Biomedical and Biotechnology Association.

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