
**Community & Economic Development &
Trade Committee**

SSB 6706

Brief Description: Concerning the commercialization of research at state universities.

Sponsors: Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Murray, Delvin, Kastama, Shin, Marr, Kilmer and Kohl-Welles).

Brief Summary of Substitute Bill

- Requires the state universities to perform one or more of several commercialization functions relating to providing collaborative research and technology transfer opportunities, publicizing their commercial processes, connecting researchers with others in technology-based industries, and providing industry interaction opportunities for undergraduate and graduate students.
- Amends the State Ethics Act to allow university research employees to make reasonable use of university facilities, services, and commercialization resources to benefit start-up companies that are formed from universities.

Hearing Date: 2/18/10

Staff: Chris Cordes (786-7103).

Background:

Technology Transfer.

Technology transfer is the process that turns university discoveries and inventions into commercial products. Moving an idea from a university laboratory to a licensing arrangement with a private company and to commercial development and production will often involve the continued involvement of the original faculty inventor.

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.

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 Center for Commercialization (formerly known as the Office of Technology Transfer).

In 2009, legislation directed the Department of Commerce (Department), in consultation with specified industry trade associations, to review and report on ways for the state to encourage and support innovation in the development and commercialization of life sciences and information technology. The Department's report made various recommendations, including that research universities be authorized to (1) create and manage a bridge funding program to support companies created around technologies developed at the institutions, and (2) provide additional support to these companies, including access to space, equipment, and university staff time.

State Ethics Act and Technology Transfer.

The State Ethics Act prescribes ethical standards for state officers and state employees. The Act lists various prohibited activities, such as activities that would be considered conflicts of interest or that would use state resources for personal benefit.

In 2005 the State Ethics Act was amended to address ethical issues to be consistent with state policy to encourage basic and applied scientific research by the state's research universities. Universities, defined to include the University of Washington, Washington State University, the state regional universities, the Spokane Intercollegiate Research and Technology Institute, and the Washington Technology Center, are allowed to apply written administrative processes in place of certain obligations imposed under the State Ethics Act. The obligations include those relating to prohibiting a financial interest in transactions, employment after public service, compensation for official duties or nonperformance, and use of persons, money, or property for private gain. University research employees who are in compliance with the university administrative processes are considered to be in compliance with the applicable ethics laws.

The university administrative processes must be consistent with federal standards relating to promotion of objectivity in research and must include a comprehensive system for the disclosure, review, and approval of outside work activities by university research employees while assuring that such employees are fulfilling their employment obligations to the university. The processes developed with respect to use of persons, money, or property for private gain must include a reasonable determination of acceptable private uses having de minimus costs to the university and a method for establishing fair and reasonable reimbursement charges for private uses in excess of de minimus.

A "university research employee" is someone employed by a university to the extent that the employee is engaged in research, technology transfer, approved consulting activities related to research and technology transfer, or other incidental activities.

Summary of Bill:

Commercialization Activities by State Universities

The Legislature intends state universities to engage in the commercialization of research and other economic development and workforce development activities that benefit the state's intermediate and long-term economic vitality. The state universities are expected to develop and strengthen university-industry relationships through research, support of company formation and job generation, and collaborative training.

The state universities must perform one or more of the following:

- provide collaborative research and technology transfer opportunities;
- publicize their commercial processes and how to access them;
- develop mechanisms for pairing researchers, entrepreneurs, and investors, including hosting events to connect researchers with others in technology-based industries; and
- provide opportunities for training undergraduate and graduate students through direct involvement in research and industry interactions.

Universities may work with and through the Higher Education Coordinating Board in carrying out these duties.

State universities are also authorized to establish bridge-funding programs for start-up companies using federal or private funds.

State Ethics Act and Technology Transfer

The State Ethics Act is amended to add that university research employees may make reasonable use of university facilities, services, and commercialization resources to benefit start-up companies that are formed from universities.

Appropriation: None.

Fiscal Note: Available.

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