

# HOUSE BILL REPORT

## 2SSB 6790

---

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

**Title:** An act relating to cluster and innovation partnership zone grants.

**Brief Description:** Concerning cluster and innovation partnership zone grants.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Kastama).

**Brief History:**

**Committee Activity:**

Community & Economic Development & Trade: 2/18/10, 2/22/10 [DPA].

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

- Makes innovation partnership zones eligible for the Industry Cluster Grant program and the Local Revitalization Financing program.
- Makes more explicit the ways that the work of innovation partnership zones and industry clusters are to be connected.

---

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

**Majority Report:** Do pass as amended. Signed by 5 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Liias, Moeller and Probst.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Smith, Ranking Minority Member; Orcutt and Parker.

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

**Background:**

*Innovation Partnership Zones.*

The Innovation Partnership Zone (IPZ) program was created by statute in 2007 to encourage and support research institutions, workforce training organizations, and globally-competitive

---

*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.*

companies to work cooperatively in close geographic proximity to create commercially viable products and jobs. The Director of the Department of Commerce (Department) designates IPZs through a competitive biennial application process. The IPZ administrator must be a city, county, workforce development council, port, or economic development council. The IPZs are designated for a four-year period. There are currently 12 IPZs operating in the state. By December 1, 2010, the Department must submit an initial progress report on the IPZ program.

### *Industry Sectors and Clusters.*

In its 2008 report "Skills for the Next Washington," the Workforce Training and Education Coordinating Board described and differentiated industry sectors from clusters. A sector is a group of firms with similar business products, services, or processes. Examples are aerospace, agriculture, and marine services. A cluster is a geographically concentrated, inter-related group of firms and other entities that do business with each other. The wine industry cluster in Walla Walla, for example, includes wineries, grape growers, banks, restaurants, hotels, and the community college's enology and viticulture programs.

---

### **Summary of Amended Bill:**

An IPZ applicant must show evidence that the IPZ will promote collaboration with applicable industry clusters. The IPZs are eligible for the Industry Cluster Grant program and the Local Revitalization Financing program, as long as they meet the other requirements of the fund sources. The Department's biennial IPZ report must include information on the connection of each IPZ to industry clusters. The report must also include the Department's recommendations for increasing the effectiveness of each IPZ and the IPZ program overall, including mechanisms for expanding and strengthening connections between the IPZs and applicable industry clusters. Industry clusters and their associations are to be included in annual information sharing events for IPZ administrators.

### **Amended Bill Compared to Second Substitute Bill:**

The striking amendment removes all sections of the underlying bill, so that the bill no longer: (1) codifies the Industry Cluster Grant Program; (2) deletes the Department's responsibility for the Film and Video Program; and (3) makes the Department responsibilities related to industry sector and cluster programs subject to available funds.

The striking amendment amends the IPZ statute to: (1) make IPZs eligible for the Industry Cluster Grant Program and the Local Revitalization Financing Program; and (2) make more explicit the ways that applicable industry clusters are to be integrated into the application process and work of the IPZs.

---

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available on 2SSB 6790. Fiscal note requested on striking amendment on 2/22/2010.

**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 is only one area of caution: Many sector and cluster associations already exist, so don't spread these already scarce economic development dollars too thin by targeting them to sector or cluster formation. The underlying statute that created the Industry Cluster Grant program allows the grants to be used to fund economic development activities designed to further regional cluster growth. This bill focuses the use of the Grant program on technology and commercialization activities. The broader language of the underlying statute is more useful than the narrowing language of this bill. We could work with staff on amending the language in this bill.

(Opposed) None.

**Persons Testifying:** Lew McMurrin, Washington Technology Industry Association; and Bryan Wilson, Workforce Training and Education Coordination Board.

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