
State Government & Tribal Affairs
Committee

SB 5521

Brief Description: Regarding commercialization of state university technology.

Sponsors: Senators Tom, Kastama, Kilmer and Shin.

Brief Summary of Bill

- Authorizes the state universities to establish or administer funding programs for entities involved in collaborative projects pertaining to the commercialization of university-developed technologies.
- Authorizes the state universities to form or participate in the formation of nonprofit and for-profit entities in connection with funding programs for the commercialization of university-developed technologies.
- Exempts specified information from disclosure under the Public Records Act relating to funding programs and collaborative projects for the commercialization of university-developed technologies.

Hearing Date: 3/16/11

Staff: Thamas Osborn (786-7129).

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 university and 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 the Department of Commerce (Department), in consultation with specified industry trade associations, was directed 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 Universities, Technology Transfer, and the Commercialization of Academic Research.

Legislation passed in 2010 stated the intent that universities 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, using a collaborative process that may include both in-house resources and independent contractors, 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.

To support the formation of companies created around the technologies developed at state universities, the universities are also authorized to establish bridge-funding programs for start-up companies using federal or private funds.

"State universities" are the University of Washington and Washington State University.

Public Records Act.

The Public Records Act (PRA) requires that all state and local government agencies make all public records available for public inspection and copying unless the records fall within certain statutory exemptions. The provisions requiring public records disclosure must be interpreted liberally and the exemptions interpreted narrowly in order to effectuate a general policy favoring disclosure.

Statutory exemptions are provided for certain financial, commercial, and proprietary information. For example, the PRA exempts from disclosure financial and commercial information supplied to the State Investment Board when the information relates to the

investment of public trust or retirement funds and the disclosure would result in losses to such funds or a private loss to the providers of the information.

Summary of Bill:

The state universities are authorized to establish, administer, or arrange for the administration of funding programs for entities using funds from:

- the federal government;
- the private for-profit sector;
- private nonprofit entities; and
- trusts and other fiduciary funds.

The funding programs administered by the universities may invest in those companies that commit to applying state university technology as well as those that do not. However, over the life of a funding program the majority of funds invested or loaned must be to companies who commit to the application of the technology.

State universities may form or participate in the formation of nonprofit and for-profit entities in connection with the funding programs authorized under the act. The universities may also appoint directors and managers of such entities, who may be state university employees or agents.

Certain information related to funding programs and collaborative projects for the commercialization of university-developed technologies is exempted from disclosure under the PRA. Specifically, the PRA exempts information obtained by a state university in connection with its funding programs, including:

- financial and commercial information;
- business plans;
- technical, technological, or research information and data; and
- private investor identifying information.

Appropriation: None.

Fiscal Note: Available.

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