

HOUSE BILL REPORT

E2SSB 6518

As Passed House - Amended:

March 12, 2014

Title: An act relating to terminating the operations of innovate Washington and transferring property from innovate Washington to Washington State University and the department of commerce.

Brief Description: Terminating the operations of innovate Washington and transferring property from innovate Washington to Washington State University and the department of commerce.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Chase; by request of Washington State Department of Commerce).

Brief History:

Committee Activity:

None.

Floor Activity:

Passed House - Amended: 3/12/14, 97-0.

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

- Abolishes Innovate Washington and transfers its mission, powers and duties to the Department of Commerce.
- Transfers the real property of Innovate Washington to Washington State University.
- Creates the Innovate Washington Program in the Department of Commerce to perform the activities formerly assigned to Innovation Washington, including administrating the Small Business Innovation Assistance Program and the Investing in Innovation Program.
- Expires the Innovate Washington Program on June 30, 2015.

Staff: David Pringle (786-7310) and Kelly Leonard (786-7147).

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.

Background:

In 2011 the Legislature created Innovate Washington as the successor agency to the Washington Technology Center and the Spokane Intercollegiate Research and Technology Institute to serve as the primary state agency focused on growing Washington's innovation-based economy and to respond to the technology transfer needs of existing businesses.

Innovate Washington was created to:

- facilitate research and technology transfer opportunities supportive of state industries;
- provide mechanisms for collaboration between technology-based industries and higher education institutions;
- help businesses secure research funds and develop and integrate technology into new products;
- offer technology transfer and commercialization training opportunities for students;
- serve as the lead entity for coordinating clean energy initiatives; and
- administer technology and innovation grant and loan programs.

Innovate Washington's governance structure includes a 15-member board consisting of seven private-sector executives appointed by the Governor, four legislators, the Governor or Governor's designee, the president or designees from the University of Washington and Washington State University (WSU), and the Director of the Department of Commerce (Commerce).

The Investing in Innovation Account was also created by the Legislature as a non-appropriated account in the custody of the State Treasurer. Only the Executive Director of Innovate Washington or the Executive Director's designee has the authority to make expenditures from the account.

Innovate Washington has a performance agreement with the private nonprofit Innovate Washington Foundation (Foundation) under which the Foundation delivers the services for which Innovate Washington is responsible. The Foundation is governed by a separate board of directors than the board governing Innovate Washington. Innovate Washington has no employees, apart from the Executive Director of the Foundation who serves as the Executive Director of the state agency Innovate Washington on a volunteer basis.

In 2013 the Legislature eliminated all funding appropriated to Innovate Washington in the state operating budget. Innovate Washington, however, still exists as a state agency under statutory law, and still has access to non-appropriated state funds.

Summary of Bill:

Innovate Washington is abolished as of the effective date of the bill. The mission powers, duties, and functions of Innovate Washington are transferred to the Department of Commerce (Commerce).

All property of Innovate Washington is transferred to Commerce, except for real property. All real property of Innovate Washington is transferred to WSU and the master lease for the Spokane Technology Center Building in Spokane, Washington is assigned to WSU. Commerce must coordinate with the Department of Enterprise Services in assigning and

transferring the master lease. Washington State University must explore terminating the master lease on the Spokane Technology Center and acquiring the property for reintegration into the campus, if in the best interests of WSU. Washington State University may offer rental space to public, private, or private nonprofit entities that provided services to Innovate Washington in the Spokane Technology Center Building, but not in the 665 North Riverpoint Boulevard Building, and only at a gross per square foot rate equal to or greater than the rate charged to WSU as sublessees prior to the effective date of the bill.

The administration of the Sustainable Aviation Biofuels Work Group is transferred from Innovate Washington to the WSU Office of Alternative Energy.

A new Innovate Washington Program (Program) is created in Commerce to perform the activities formerly assigned to Innovation Washington, including administrating the Small Business Innovation Assistance Program and the Investing in Innovation Program. The Program must support business growth in the state's innovation and technology sectors and facilitate statewide technology transfer and commercialization activities. Commerce may contract with a nonprofit entity located in Washington that has experience facilitating commercialization and technology transfer activities to administer the Program. Funds in the Investing in Innovation Account may be used by Commerce directly or through contract for the stated allowable purposes, and expenditures may only be authorized by the Director of Commerce.

The Program expires June 30, 2015.

Appropriation: None.

Fiscal Note: Available.

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