
Appropriations Committee

HB 2029

Brief Description: Eliminating economic development-related agencies, boards, and commissions.

Sponsors: Representatives Morris and Hudgins.

Brief Summary of Bill

- Eliminates the Washington Economic Development Commission, and transfers responsibilities related to Innovation Research Teams and the Entrepreneurs-in-Residence program to the Department of Commerce (Department).
- Eliminates Innovate Washington, and transfers most responsibilities and all assets to the Department.
- Eliminates the Washington Global Health Technologies and Product Development Competitiveness Program board, and transfers program responsibilities to the Life Sciences Discovery Fund Authority.
- Eliminates the Washington Tourism Commission from statute.

Hearing Date: 4/22/13

Staff: Wendy Polzin (786-7137) and Jennifer Thornton (786-7147).

Background:

Economic Development Commission.

In 2002 Governor Locke created the Washington Economic Development Commission (Commission) through executive order as a means for business and labor leaders to assist in the improvement and development of the state's economy. The following year, the Legislature established the Commission in statute as an advisory body to the Department of Community, Trade and Economic Development, now the Department of Commerce (Department).

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.

The purpose of the Commission is to assist the Governor and Legislature by providing leadership, direction, and guidance on a long-term and systematic approach to economic development that will result in enduring global competitiveness, prosperity, and economic opportunity for all the state's citizens. In 2011 the Legislature directed the Commission to concentrate its major efforts on strategic planning, policy research and analysis, advocacy, evaluation, and promoting coordination and collaboration.

The 24-member Commission consists of 15 voting members appointed by the Governor, plus five agency directors and four legislators who serve as nonvoting ex-officio members.

Innovate Washington.

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 is governed by a 15-member board. The board consists 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, and the Director of the Department of Commerce.

The Legislature also created the Investing in Innovation Account 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 may authorize expenditures from the account.

Innovate Washington has a performance agreement with the 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.

Global Health Technologies.

In 2010 the Legislature created the Washington Global Health Technologies and Product Development Competitiveness Program, to be administered by a nonprofit 501 (c)(6) organization with a 10-member board of directors appointed by the Governor. This entity is required to contract with the Department of Commerce for management services. The board's duties include soliciting funds from businesses, foundations, and the federal government, and making grants for development of global health technologies and products.

Grant award recipients must conduct their research, development, and production activities within Washington, except for clinical trials that must be carried out in developing countries.

The Legislature also created the Washington Global Health Technologies and Product Development Account as a non-appropriated account in the custody of the State Treasurer to be funded with federal and state monies and used to support the grants for global health commercialization efforts.

The board submitted its first required annual report in 2012.

Washington Tourism Commission.

The Legislature created the Washington Tourism Commission (WTC) in 2007, as the successor to the Tourism Development Advisory Committee.

The WTC and its activities and responsibilities were eliminated during the 2011-2013 fiscal biennium in the omnibus appropriations act. The WTC accordingly ceased activity, but their responsibilities remain in statute. Among its statutory requirements are quarterly meeting requirements and a biennial report to the Legislature on tourism-related activities.

Summary of Bill:

Economic Development Commission.

The statutes providing for the creation of the Washington Economic Development Commission (Commission), the Legislature's intent for the creation of the Commission, and the duties and authorities of the Commission are repealed. All statutory references to the Commission and the statewide economic development strategy are removed.

The following responsibilities are transferred from the Commission to the Department of Commerce:

- analyzing information to develop a plan to increase intellectual assets and innovation research teams (STARS) in conjunction with state research institutions. The requirement of the plan is modified to include productive approaches for recruiting the most promising researchers, with an emphasis for recruiting rising entrepreneurial researchers;
- providing direction for comprehensive entrepreneurial assistance programs at research institutions, including the Entrepreneurs-in-Residence program; and
- developing performance measures for STARS, the Entrepreneurs-in-Residence program, and plan implementation, and reporting biennially on performance.

Innovate Washington.

The statutes creating Innovate Washington as a state agency, and providing for the agency's board of directors are repealed. All statutory references to Innovate Washington are removed.

The Department of Commerce (Department) is required to contract with an entity located in Washington that has experience facilitating interaction between the state's higher education institutions and the state's technology-based companies on commercialization and technology transfer activities to administer the Investing in Innovation program.

The following authorities and responsibilities are transferred from Innovate Washington to the Department:

- having expenditure authority for the Investing in Innovation Account;
- providing or contracting for the provision of the small business innovation program;
- convening a sustainable aviation biofuels work group; and
- evaluating the Investing in Innovation program.

All reports, files, documents, records, and other written materials; furniture, equipment, and other tangible property; and funds, credits, and other assets held by Innovate Washington are transferred to the Department.

Global Health Technologies.

The requirement for the Washington Global Health Technologies and Product Development Competitiveness Program (Program) to be managed by a 501(c)(6) non-profit board of directors, specifications for board membership, and the requirement for the board to contract with the Department of Commerce for management services are removed.

The Life Sciences Discovery Fund Authority (Authority) is authorized to administer or contract with a qualified non-profit organization to administer the Washington Global Health Technologies and Product Development Competitiveness Program.

Expenditure authority for the Washington Global Health Technologies and Product Development account is transferred from the Program board to the Authority board.

Washington Tourism Commission.

The statues creating the Washington Tourism Commission (WTC) and providing for the WTC's duties and responsibilities are repealed.

Appropriation: None.

Fiscal Note: Requested on April 17, 2013.

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