

# SENATE BILL REPORT

## SB 6518

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As of February 26, 2014

**Title:** An act relating to transferring technology-based economic development programs from Innovate Washington to the department of commerce.

**Brief Description:** Transferring technology-based economic development programs from Innovate Washington to the department of commerce.

**Sponsors:** Senator Chase; by request of Washington State Department of Commerce.

**Brief History:**

**Committee Activity:** Trade & Economic Development: 2/06/14 [DPS-WM].  
**Ways & Means:** 2/25/14.

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### SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 6518 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Braun, Chair; Angel, Vice Chair; Chase, Ranking Member; Holmquist Newbry and Pedersen.

**Staff:** Edward Redmond (786-7471)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Julie Murray (786-7711)

**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;

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*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.*

- 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 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.

In 2013 the Legislature eliminated all funding to Innovate Washington in the state operating budget. Innovate Washington, however, still exists as a state agency under statutory law.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** All operations of Innovate Washington are hereby terminated and all references pertaining to the agency are removed from statute. Prior to ceasing operations, however, Innovate Washington must work with the Department of Enterprise Services (DES) to have all real and personal property assigned to WSU. Such property includes real estate, buildings, facilities, cabinets, furniture, motor vehicles, and other tangible property used by Innovate Washington.

Innovate Washington must also work with DES to have the master lease for the Spokane Technology Center Building at 120 North Pine Street in Spokane, Washington assigned to WSU.

Innovate Washington additionally must work with DES to have all data relating to the operations of Innovate Washington transferred to Commerce. Commerce is authorized to use such data in its current and future business operations. All unused data, however, must be transferred to the Washington State Archives for records management purposes.

**EFFECT OF CHANGES MADE BY TRADE & ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute):** Terminates Innovate Washington as a state agency and transfers property from Innovate Washington to WSU and Commerce.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2014.

**Staff Summary of Public Testimony on Substitute as Heard in Committee (Trade & Economic Development):** PRO: This is a Governor request bill and we are attempting to move it forward in the most expeditious manner possible. Speaking to the underlying bill, as the Innovate Washington agency goes away, the Innovate Washington Foundation continues to engage in a number of activities including federal grants that they are managing in the Governor's budget. The Governor did include some additional funding to continue those activities. The underlying bill set up a contractual agreement between Commerce and the Innovate Washington Foundation to continue some of those activities.

Testifying in support of transferring the two buildings to WSU. WSU is already the largest tenant in both buildings and provides maintenance support for one of them. The Innovate Washington Spokane building is located on the WSU campus where the university operates a pharmacy, a medical research facility, a small business development center, and an area health education center. The Technology Center building is adjacent to the Spokane campus and is home to WSU's applied science laboratory where we work with businesses and governments using our research to solve real-world problems, particularly in the areas of energy, advance materials, biomedical applications, and national security. The transfer of these two buildings will help to accommodate the recent plans to open a community health clinic on campus. Medical, pharmacy, and nursing students and students from the University of Washington will work in an inner-professional environment to develop their skills while providing healthcare services for the community.

Innovate Washington Foundation has a number of projects occurring such as SMART buildings and the Make it in America grant. Both projects, worth approximately \$12 million, were awarded by the federal government to the Innovate Washington Foundation. If the state does not provide a match, those grants will go back to the USEEA and will be awarded somewhere else outside of Washington State.

**Persons Testifying (Trade & Economic Development):** PRO: Senator Chase, prime sponsor; Nick Demerice, Commerce; Chris Mulick, WSU; Jim Hendrick, Innovate WA Foundation.

**Staff Summary of Public Testimony (Ways & Means):** PRO: WSU is the largest tenant in the Spokane Technology Center. The transfer of the two buildings will increase our footprint in the building and facilitate plans for a community health clinic. It will allow students to work in learn in a professional atmosphere while providing health care services for the community.

**Persons Testifying (Ways & Means):** PRO: Chris Mulick, WSU.