
SUBSTITUTE SENATE BILL 5545

State of Washington

54th Legislature

1995 Regular Session

By Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Sheldon, Cantu, Rasmussen and Kohl)

Read first time 02/09/95.

1 AN ACT Relating to economic development; adding new sections to
2 chapter 43.330 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that it is in the
5 interest of the state to increase participation by Washington state
6 small businesses in the federal small business innovative research
7 program and to assist small businesses in the state in becoming small
8 business innovative research program grant recipients. Small
9 technology-based firms are the source of approximately one-half of our
10 nation's major innovations.

11 (2) The legislature further finds that many innovators lack the
12 grant-writing skills necessary to prepare a successful proposal and
13 could benefit from the assistance of others in the state with grant-
14 writing experience.

15 (3) The legislature further finds that the gap between the
16 completion of the initial phase I contract and the award of the phase
17 II contract after the agency has evaluated the phase I work creates
18 cash flow and staffing problems for small businesses, especially new
19 businesses. Continuous funding would create a more stable environment

1 for small businesses involved in the program, and may attract small
2 businesses that are currently discouraged from participating by the
3 disruption the funding gap causes.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW
5 to read as follows:

6 (1) As used in this section, the following terms shall have the
7 following meanings:

8 (a) "Small business innovation research program" means the program,
9 enacted pursuant to the small business innovation development act of
10 1982, P.L. 97-219, that provided funds to small businesses to conduct
11 innovative research having commercial application.

12 (b) "Small business" means a corporation, partnership, sole
13 proprietorship, or individual, operating a business for profit, with
14 two hundred fifty employees or less, including employees employed in a
15 subsidiary or affiliated corporation that otherwise meets the
16 requirements of the federal small business innovation research program.

17 (2) The department shall establish a small business innovation
18 research assistance program to assist Washington small businesses to
19 win phase I small business innovation research program awards.

20 (a) Each phase I application shall be reviewed by a previous small
21 business innovation research program participant or by a two-member
22 team composed of either two previous small business innovation research
23 program participants or an experienced grant writer and a previous
24 small business innovation research program participant.

25 (b) Each reviewer or team participant shall be retained by the
26 department at a rate of no more than one thousand dollars per proposal.

27 (c) In implementing this program, the department shall give
28 priority to first-time small business innovation research program
29 applicants, new businesses, and firms with fewer than ten employees.

30 (d) The department may charge a modest initial fee for this service
31 and an additional market rate fee that is contingent upon the small
32 business's receipt of a phase I award.

33 (3)(a) The department shall establish a competitive grant program
34 to assist small businesses participating in the federal small business
35 innovation research program in continuing innovative research that has
36 potential commercial application. Grants shall be awarded to those
37 small businesses: (i) Whose technology shows the greatest potential to

1 lead to commercialization or fabrication within the state or to
2 improved products or processes; and (ii) which demonstrate need.

3 (b) For the purposes of this subsection (3), a small business must
4 meet the following requirements to be eligible for grant money:

5 (i) The small business's principal place of business shall be
6 located in this state;

7 (ii) The small business certifies that the research to be conducted
8 shall be located in this state;

9 (iii) The small business has completed its small business
10 innovation research program phase I research;

11 (iv) The small business's final phase I report with respect thereto
12 has been accepted by the federal agency involved;

13 (v) The small business's phase II research proposal has been
14 properly submitted to the federal agency involved;

15 (vi) The small business has submitted copies of its final phase I
16 report and phase II proposal to the agency;

17 (vii) The small business has demonstrated, to the satisfaction of
18 the director, that it has available financial resources to continue its
19 research in an amount equal to the grant amount; and

20 (viii) The small business has entered into a contract with the
21 department which obligates the small business to, upon
22 commercialization of the product, process, or service that is the basis
23 for the state's grant, continue to locate its principal place of
24 business in the state, and return to the department a share, not to
25 exceed the size of the grant award, of any license, patent, copyright,
26 or royalty income that results from the research. The contract shall
27 also provide that the department may require the return of the grant
28 dollars with interest if the small business fails to meet the terms of
29 the contract.

30 (4) Grants awarded under subsection (3) of this section shall be no
31 greater than twenty-five thousand dollars.

32 (5) Consistent with federal small business innovation research
33 program procedures, proprietary information submitted to the department
34 under subsection (3) of this section shall not be subject to disclosure
35 under the public disclosure act.

36 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330 RCW
37 to read as follows:

1 The department shall adopt rules necessary to implement section 2
2 of this act.

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