HOUSE BILL REPORT
SHB 1091

As Passed House:
March 8, 2007

Title: An act relating to innovation partnership zones.

Brief Description: Promoting innovation partnership zones.

Sponsors: By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives VanDeWege, Chase, Upthegrove, Miloscia, B. Sullivan, O'Brien, P. Sullivan, Morrell, Sells, Kenney, Rolfes, Kelley, Moeller, Wallace and Eddy; by request of Governor Gregoire).

Brief History:
Committee Activity:
Community & Economic Development & Trade: 1/24/07, 2/12/07 [DPS];
Appropriations: 2/21/07, 2/26/07 [DPS(CEDT)].
Floor Activity:
Passed House: 3/8/07, 96-0.

Brief Summary of Substitute Bill

- Creates innovation partnership zones.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and P. Sullivan.

Staff: Tracey Taylor (786-7196).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Community & Economic Development & Trade be substituted therefor and the substitute bill do pass. Signed by 34

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members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Dunn, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

Staff: Owen Rowe (786-7391).

Background:

In 2006, the Governor's Global Competitiveness Council (Council) issued their report "Rising to the Challenge of Global Competition." The Council's Research and Innovation Committee (Committee) Report found that research and innovation creates a cycle of development that yields increased living standards and globally competitive businesses. The Committee and Council proposed a broad 10-year plan that connects the importance of strong research and innovation with the creation of jobs, healthy economic growth and a high standard of living and broad opportunity throughout the state's economy, reaching people of all backgrounds and in all the state's geographic locations.

Summary of Substitute Bill:

The Director of the Department of Community, Trade and Economic Development (DCTED) may designate areas in Washington as an "Innovation Partnership Zone" (IPZ).

In order to be designated an IPZ, an area must have three types of institutions within their boundaries: a university or college fostering commercially valuable research, a nonprofit institution creating commercially applicable research, or a national laboratory; the dense proximity of globally competitive firms in a research-based industry or industries, or of individual firms with innovation strategies linked to a university, community college, nonprofit institution or national laboratory; and training capacity either within the IPZ or readily accessible to the IPZ. In addition, the IPZ must have identifiable boundaries that contain dense concentrations of leading companies, research capacity and skills, or show evidence of planning and partnerships that will produce such concentrations within an identifiable period of time. An IPZ must be sufficiently small and distinct so that workers and companies have a unique affinity for the area with the IPZ. Also, an IPZ must include unused or otherwise potentially available property to allow for future expansion. Local zoning and economic conditions must provide evidence that such capacity for expansion exists. An IPZ must be consistent with the Growth Management Act. The IPZ must be administered by an Economic Development Council, port, Workforce Development Council, city or county.

Annually on October 1, the Director of the DCTED (Director) shall designate IPZs based on a review and evaluation of applications applying the legislative criteria, the estimated economic impact of the IPZ, and the evidence of forward planning for the IPZ. The Director shall designate the IPZ Administrator. An IPZ designation shall be for a four-year period, after which the IPZ must reapply for the designation.

If the IPZ meets the other requirements of the fund source, then the IPZ may be eligible for the Local Infrastructure Financing Tool Program, the sales and use tax for public facilities in rural counties, and the Job Skills Program.

The DCTED must convene an annual information sharing event for IPZ Administrators and other interested parties.

The IPZs are required to provide performance measures as prescribed by the DCTED. These measures must include, but are not limited to, private investment measures, job creation measures, and measures of innovation.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony: (Community & Economic Development & Trade)

(In support) This bill promotes the growth of businesses around research and to increase technology-based industries and related jobs. Local governments self-identify and may form an IPZ to help promote the already occurring natural synergy around research and business. Several states have similar programs, including North Carolina and New Jersey. The Governor has funding for grants for some IPZs in her Capital Budget; however, under this bill, an IPZ designation does not entitle an IPZ to any money.

(In support with amendments) Although implicit within the bill, an amendment to clarify that the IPZ must fit within GMA and local planning efforts should be added. In addition, the emphasis on high technology might limit other synergistic opportunities.

(Opposed) None.

Staff Summary of Public Testimony: (Appropriations)

(In support) The new economic reality of the world is that there are dense concentrations of economic activity that shape the regions around them. Washington has a list of targeted industries in statute, and a cluster strategy continues to evolve. What is lacking is the specific geographic targets where research institutions and companies come together. During the interim, there were six planning grants instituted in Spokane, Richland, Vancouver, Kitsap, Grays Harbor, and Seattle. The insights that came about from this process became this bill. These localities have been integrally involved in the development of this legislation and they want designation as innovation partnership zones. The Governor's Budget proposes $5 million for five grants to be granted in a competitive process. The grants can be used for shared facilities and infrastructure. This is a one-time investment.

(Opposed) None.

Persons Testifying: (Community & Economic Development & Trade) (In support) Representative Van De Wege, prime sponsor; Marc Baldwin, Office of the Governor; David Kleitsch, City of Lynnwood; Bart Phillips, Columbia River Economic Development Council; and T. K. Bentler, Northwest Food Processors Council.

(In support with amendments) Kaleen Cottingham, Futurewise.

Persons Testifying: (Appropriations) Marc Baldwin, Office of the Governor.

Persons Signed In To Testify But Not Testifying: (Community & Economic Development & Trade) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.