

SHB 1091 - S AMD 400

By Senators Kastama, Zarelli

ADOPTED 04/09/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that Washington is
4 home to some of the world's most innovative companies, researchers,
5 entrepreneurs, and workers. Talent and creativity exist in all areas
6 of Washington. The legislature further finds that economic potential
7 can be enhanced when the state facilitates partnerships between
8 talented leaders from research institutions, industry, and local
9 economic development and workforce development organizations to attract
10 additional talent and build on the strengths found in existing industry
11 clusters. Washington is a national leader in economic strategy based
12 on clusters of industries, promoting the connections among firms,
13 suppliers, customers, and public resources. It is the intent of the
14 legislature that Washington support innovation partnerships and
15 partnership zones around the state that will become globally recognized
16 as hubs of expertise, innovation, and commercialization and advance
17 Washington's position in the world economy.

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

20 (1) The department of community, trade, and economic development
21 shall administer, with the advice of the Washington economic
22 development commission, an innovation partnership zone program.

23 (2) On October 1st of each year, the director shall designate
24 innovation partnership zones. Applications for state designation of an
25 area as an innovation partnership zone may be submitted by associate
26 development organizations, port districts, workforce development
27 councils, cities, or counties. Applicants must demonstrate:

28 (a) The support of a local jurisdiction, a research institution, an

1 educational institution, an industry or cluster association, a
2 workforce development council, and an associate development
3 organization, port, or chamber of commerce;

4 (b) Evidence of planning for the innovation partnership zone;

5 (c) Identifiable boundaries for the zone within which the applicant
6 will concentrate efforts to connect innovative researchers,
7 entrepreneurs, investors, industry associations or clusters, and
8 training providers. The geographic area defined should lend itself to
9 a distinct identity and have the capacity to accommodate firm growth;

10 (d) The presence within the proposed innovation partnership zone of
11 research capacity, including research teams focused on emerging
12 technologies and their commercialization or faculty and researchers
13 that could increase their focus on commercialization of technology if
14 provided the appropriate technical assistance;

15 (e) Using labor market information from the employment security
16 department and local labor markets as well as data on revenue growth
17 rates, wage levels, and other factors, a concentration of firms within
18 the proposed innovation partnership zone that are important to the
19 economic prosperity of the state and have comparative competitive
20 advantage or the potential for comparative competitive advantage;

21 (f) Training capacity either within the zone or readily accessible
22 to the zone.

23 (3) An innovation partnership zone shall be designated as a zone
24 for a four-year period. At the end of the four-year period, the zone
25 must reapply for the designation through the department.

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

28 The director shall disburse innovation partnership zone grants.
29 Innovation partnership zone grants must be used to improve the
30 commercialization facilities within an area designated as an innovation
31 partnership zone and be used to facilitate the collaboration between
32 research teams, industry, and workforce training providers that will
33 lead to the formation and financing of new innovative firms, the
34 commercialization of research results, and the movement of firms and
35 industry clusters into globally competitive niches. The grants will be
36 awarded only to applicants operating within a designated innovation

1 partnership zone consistent with the following criteria and such other
2 criteria as the director develops in consultation with the Washington
3 state economic development commission:

4 (1) Each grant must be matched by a commitment of financial support
5 from the private sector equal to or greater than fifty percent of the
6 requested grant amount;

7 (2) Eligible grant applicants may include associate development
8 organizations, port districts, workforce development councils,
9 educational or research institutions, and local jurisdictions;

10 (3) During the biennium ending June 30, 2009, no more than two
11 partnership zone grants shall be awarded to recipients in the central
12 Puget Sound region, a minimum of two such grants shall be awarded in
13 eastern Washington and a minimum of one such grant shall be awarded in
14 western Washington outside the central Puget Sound region;

15 (4) Applicants for innovation partnership zone grants must:

16 (a) Disclose the service delivery mechanisms to be used to allow
17 industry associations, cluster associations, and businesses to access
18 the technical assistance, advisory, research, and commercialization
19 capabilities of research teams within the zone;

20 (b) Detail how training services will be coordinated and delivered
21 to industry associations, cluster associations, and businesses within
22 the zone; and

23 (c) Describe the methods by which the applicant will facilitate the
24 competitiveness of firms, the commercialization of research, and the
25 upgrading of worker skills within the zone.

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

28 (1) The Washington state economic development commission shall,
29 with the advice of an innovation partnership advisory group selected by
30 the commission, have oversight responsibility for the implementation of
31 the state's efforts to further innovation partnerships throughout the
32 state. The commission shall:

33 (a) Provide information and advice to the department of community,
34 trade, and economic development to assist in the implementation of the
35 innovation partnership zone program, including criteria to be used in
36 the selection of grant applicants for funding;

1 (b) Document clusters of companies throughout the state that have
2 comparative competitive advantage or the potential for comparative
3 competitive advantage, using the process and criteria for identifying
4 strategic clusters developed by the working group specified in
5 subsection (2) of this section;

6 (c) Conduct an innovation opportunity analysis to identify (i) the
7 strongest current intellectual assets and research teams in the state
8 focused on emerging technologies and their commercialization, and (ii)
9 faculty and researchers that could increase their focus on
10 commercialization of technology if provided the appropriate technical
11 assistance and resources;

12 (d) Based on its findings and analysis, and in conjunction with the
13 higher education coordinating board and research institutions:

14 (i) Develop a plan to build on existing, and develop new,
15 intellectual assets and innovation research teams in the state in
16 research areas where there is a high potential to commercialize
17 technologies. The commission shall present the plan to the governor
18 and legislature by December 31, 2007. The higher education
19 coordinating board shall be responsible for implementing the plan in
20 conjunction with the publicly funded research institutions in the
21 state. The plan shall address the following elements and such other
22 elements as the commission deems important:

23 (A) Specific mechanisms to support, enhance, or develop innovation
24 research teams and strengthen their research and commercialization
25 capacity in areas identified as useful to strategic clusters and
26 innovative firms in the state;

27 (B) Identification of the funding necessary for laboratory
28 infrastructure needed to house innovation research teams;

29 (C) Specification of the most promising research areas meriting
30 enhanced resources and recruitment of significant entrepreneurial
31 researchers to join or lead innovation research teams;

32 (D) The most productive approaches to take in the recruitment, in
33 the identified promising research areas, of a minimum of ten
34 significant entrepreneurial researchers over the next ten years to join
35 or lead innovation research teams;

36 (E) Steps to take in solicitation of private sector support for the
37 recruitment of entrepreneurial researchers and the commercialization
38 activity of innovation research teams; and

1 (F) Mechanisms for ensuring the location of innovation research
2 teams in innovation partnership zones;

3 (ii) Provide direction for the development of comprehensive
4 entrepreneurial assistance programs at research institutions. The
5 programs may involve multidisciplinary students, faculty,
6 entrepreneurial researchers, entrepreneurs, and investors in building
7 business models and evolving business plans around innovative ideas.
8 The programs may provide technical assistance and the support of an
9 entrepreneur-in-residence to innovation research teams and offer
10 entrepreneurial training to faculty, researchers, undergraduates, and
11 graduate students. Curriculum leading to a certificate in
12 entrepreneurship may also be offered;

13 (e) Develop performance measures to be used in evaluating the
14 performance of innovation research teams, the implementation of the
15 plan and programs under (d)(i) and (ii) of this subsection, and the
16 performance of innovation partnership zone grant recipients, including
17 but not limited to private investment measures, business initiation
18 measures, job creation measures, and measures of innovation such as
19 licensing of ideas in research institutions, patents, or other
20 recognized measures of innovation. The performance measures developed
21 shall be consistent with the economic development commission's
22 comprehensive plan for economic development and its standards and
23 metrics for program evaluation. The commission shall report to the
24 legislature and the governor by December 31, 2008, on the measures
25 developed; and

26 (f) Using the performance measures developed, perform a biennial
27 assessment and report, the first of which shall be due December 31,
28 2012, on:

29 (i) Commercialization of technologies developed at state
30 universities, found at other research institutions in the state, and
31 facilitated with public assistance at existing companies;

32 (ii) Outcomes of the funding of innovation research teams and
33 recruitment of significant entrepreneurial researchers;

34 (iii) Comparison with other states of Washington's outcomes from
35 the innovation research teams and efforts to recruit significant
36 entrepreneurial researchers; and

37 (iv) Outcomes of the grants for innovation partnership zones.

1 The report shall include recommendations for modifications of this act
2 and of state commercialization efforts that would enhance the state's
3 economic competitiveness.

4 (2) The economic development commission and the workforce training
5 and education coordinating board shall jointly convene a working group
6 to:

7 (a) Specify the process and criteria for identification of substate
8 geographic concentrations of firms or employment in an industry and the
9 industry's customers, suppliers, supporting businesses, and
10 institutions, which process will include the use of labor market
11 information from the employment security department and local labor
12 markets; and

13 (b) Establish criteria for identifying strategic clusters which are
14 important to economic prosperity in the state, considering cluster
15 size, growth rate, and wage levels among other factors.

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

18 The innovation partnership fund is created in the custody of the
19 state treasurer. Only the state economic development commission, with
20 the concurrence of the higher education coordinating board, may
21 authorize expenditures from the fund. Expenditures from the fund may
22 be made only for the purposes of section 4 of this act. Revenues to
23 the fund consist of transfers or appropriations made by the
24 legislature, transfers made by state research institutions, and private
25 donations.

26 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.330 RCW
27 to read as follows:

28 For the purposes of this act, "commercialization" means a sequence
29 of steps, including technology transfer, technical assistance in
30 product development, production process design, and technical skills
31 development, necessary to achieve market entry and general market
32 competitiveness of innovative technologies, processes, and products."

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1 On page 1, line 1 of the title, after "zones;" strike the remainder
2 of the title and insert "adding new sections to chapter 43.330 RCW; and
3 creating a new section."

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