

SHB 1091 - S AMD 594

By Senators Kastama, Zarelli

ADOPTED 04/20/2007

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330
4 RCW to read as follows:

5 (1) The director shall designate innovation partnership zones on
6 the basis of the following criteria:

7 (a) Innovation partnership zones must have three types of
8 institutions operating within their boundaries, or show evidence of
9 planning and local partnerships that will lead to dense concentrations
10 of these institutions:

11 (i) Research capacity in the form of a university or community
12 college fostering commercially valuable research, nonprofit
13 institutions creating commercially applicable innovations, or a
14 national laboratory;

15 (ii) Dense proximity of globally competitive firms in a research-
16 based industry or industries or of individual firms with innovation
17 strategies linked to (a)(i) of this subsection. A globally competitive
18 firm may be signified through international organization for
19 standardization 9000 or 1400 certification, or other recognized
20 evidence of international success; and

21 (iii) Training capacity either within the zone or readily
22 accessible to the zone. The training capacity requirement may be met
23 by the same institution as the research capacity requirement, to the
24 extent both are associated with an educational institution in the
25 proposed zone.

26 (b) The support of a local jurisdiction, a research institution, an
27 educational institution, an industry or cluster association, a
28 workforce development council, and an associate development
29 organization, port, or chamber of commerce;

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

6 (d) The innovation partnership zone administrator must be an
7 economic development council, port, workforce development council,
8 city, or county.

9 (2) On October 1st of each year, the director shall designate
10 innovation partnership zones on the basis of applications that meet the
11 legislative criteria, estimated economic impact of the zone, evidence
12 of forward planning for the zone, and other criteria as recommended by
13 the Washington state economic development commission. Estimated
14 economic impact must include evidence of anticipated private
15 investment, job creation, innovation, and commercialization. The
16 director shall require evidence that zone applicants will promote
17 commercialization, innovation, and collaboration among zone residents.

18 (3) Innovation partnership zones are eligible for funds and other
19 resources as provided by the legislature or at the discretion of the
20 governor.

21 (4) If the innovation partnership zone meets the other requirements
22 of the fund sources, then the zone is eligible for the following funds
23 relating to:

24 (a) The local infrastructure financing tools program;

25 (b) The sales and use tax for public facilities in rural counties;

26 and

27 (c) Job skills.

28 (5) An innovation partnership zone shall be designated as a zone
29 for a four-year period. At the end of the four-year period, the zone
30 must reapply for the designation through the department.

31 (6) The department shall convene annual information sharing events
32 for innovation partnership zone administrators and other interested
33 parties.

34 (7) An innovation partnership zone shall provide performance
35 measures as required by the director, including but not limited to
36 private investment measures, job creation measures, and measures of
37 innovation such as licensing of ideas in research institutions,
38 patents, or other recognized measures of innovation. The Washington

1 state economic development commission shall review annually the
2 individual innovation partnership zone's performance measures and make
3 recommendations to the department regarding additional zone designation
4 criteria.

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

7 (1) The Washington state economic development commission shall,
8 with the advice of an innovation partnership advisory group selected by
9 the commission, have oversight responsibility for the implementation of
10 the state's efforts to further innovation partnerships throughout the
11 state. The commission shall:

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

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

21 (c) Conduct an innovation opportunity analysis to identify (i) the
22 strongest current intellectual assets and research teams in the state
23 focused on emerging technologies and their commercialization, and (ii)
24 faculty and researchers that could increase their focus on
25 commercialization of technology if provided the appropriate technical
26 assistance and resources;

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

29 (i) Develop a plan to build on existing, and develop new,
30 intellectual assets and innovation research teams in the state in
31 research areas where there is a high potential to commercialize
32 technologies. The commission shall present the plan to the governor
33 and legislature by December 31, 2007. The higher education
34 coordinating board shall be responsible for implementing the plan in
35 conjunction with the publicly funded research institutions in the
36 state. The plan shall address the following elements and such other
37 elements as the commission deems important:

1 (A) Specific mechanisms to support, enhance, or develop innovation
2 research teams and strengthen their research and commercialization
3 capacity in areas identified as useful to strategic clusters and
4 innovative firms in the state;

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

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

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

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

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

19 (ii) Provide direction for the development of comprehensive
20 entrepreneurial assistance programs at research institutions. The
21 programs may involve multidisciplinary students, faculty,
22 entrepreneurial researchers, entrepreneurs, and investors in building
23 business models and evolving business plans around innovative ideas.
24 The programs may provide technical assistance and the support of an
25 entrepreneur-in-residence to innovation research teams and offer
26 entrepreneurial training to faculty, researchers, undergraduates, and
27 graduate students. Curriculum leading to a certificate in
28 entrepreneurship may also be offered;

29 (e) Develop performance measures to be used in evaluating the
30 performance of innovation research teams, the implementation of the
31 plan and programs under (d)(i) and (ii) of this subsection, and the
32 performance of innovation partnership zone grant recipients, including
33 but not limited to private investment measures, business initiation
34 measures, job creation measures, and measures of innovation such as
35 licensing of ideas in research institutions, patents, or other
36 recognized measures of innovation. The performance measures developed
37 shall be consistent with the economic development commission's
38 comprehensive plan for economic development and its standards and

1 metrics for program evaluation. The commission shall report to the
2 legislature and the governor by December 31, 2008, on the measures
3 developed; and

4 (f) Using the performance measures developed, perform a biennial
5 assessment and report, the first of which shall be due December 31,
6 2012, on:

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

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

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

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

16 The report shall include recommendations for modifications of this act
17 and of state commercialization efforts that would enhance the state's
18 economic competitiveness.

19 (2) The economic development commission and the workforce training
20 and education coordinating board shall jointly convene a working group
21 to:

22 (a) Specify the process and criteria for identification of substate
23 geographic concentrations of firms or employment in an industry and the
24 industry's customers, suppliers, supporting businesses, and
25 institutions, which process will include the use of labor market
26 information from the employment security department and local labor
27 markets; and

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

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

EFFECT: (1) Removes the intent section.

(2) Removes the Washington State Economic Development Commission (ED Commission) from a role in designating an Innovation Partnership Zone (IPZ), but directs them to develop additional designation criteria.

(3) Adds the requirement that an IPZ have or show evidence of planning and local partnership that will lead to dense concentrations of research capacity, the dense proximity of globally competitive firms in a research-based industry, and training capacity. Removes references to the presence of research teams focused on emerging technologies.

(4) Removes requirement that the IPZ applicant use labor market data, revenue growth rate data, wage levels, and other factors to demonstrate the presence of firms that are important to the prosperity of the state.

(5) Removes list of eligible applicants.

(6) Authorizes the Director of the Department of Community, Trade, and Economic Development (DCTED) to designate IPZs based on the applicants meeting the legislative criteria, the estimated economic impact of the IPZ, evidence of forward planning, and other criteria as recommended by the ED Commission. The Director shall require evidence that zone applicants will promote commercialization, innovation, and collaboration among zone residents.

(7) Specifies that so long as IPZs meet the program criteria, they may be eligible for economic development programs, including the Local Infrastructure Financing Tool (LIFT) program, the sales and use tax for economic development related public facilities in rural counties, and the Job Skills program.

(8) Removes the direction that the DCTED must assist successful IPZ grant applicants identify and access any appropriate private, federal, or state program that provides funding for planning, infrastructure, technical assistance, or training.

(9) Specifies that an IPZ designation is for four years and an IPZ can reapply for designation.

(10) Directs the DCTED to convene an annual information sharing event for IPZ administrators and other interested parties.

(11) Directs IPZs to provide performance measures as required by the DCTED and must include private investment measures, job creation

measures, and measures of innovation. The ED Commission shall annually review these performance measures.

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