

SENATE BILL REPORT

SB 5090

As Reported By Senate Committee On:
Economic Development, Trade & Management, February 23, 2007
Ways & Means, March 5, 2007

Title: An act relating to innovation partnership zones.

Brief Description: Promoting innovation partnership zones.

Sponsors: Senators Kastama, Shin, Franklin, Kilmer, Marr, Kauffman, Murray and Rasmussen;
by request of Governor Gregoire.

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/24/07, 2/23/07
[DPS-WM].
Ways & Means: 2/28/07, 3/05/07 [DP2S].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: That Substitute Senate Bill No. 5090 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5090 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Richard Ramsey (786-7412)

Background: Washington's economy is driven by innovation. The Governor's Global Competitiveness Council recommended in its final report that state resources be redirected toward local concentrations of innovation.

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.

Summary of Bill: The Director of the Department of Community, Trade and Economic Development (CTED) is to designate local areas as innovation partnership zones if the areas have research capacity, globally competitive firms in a research-based industry, and training capacity. The Director is to designate an administrator for each zone: the administrator must be an economic development council, port, workforce development council, city, or county. Zones are eligible for funds as provided by the Legislature or Governor. Zone designation is for a period of four years. A zone must provide performance measures as required by the Director.

Local infrastructure financing funds may be used for innovation partnership zones. The sales and use tax for public facilities in rural counties, commonly referred to as the 0.08 tax, may be used for innovation partnership zones.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Economic Development, Trade & Management): The Director of CTED is to award innovation partnership zone grants to facilitate the collaboration between research teams, industry, and training providers that will lead to the formation of new companies, commercialization, and increase competitiveness. Grants awarded must have a private match of at least 50 percent of the grant amount. Applicants are to identify geographic zones in which to concentrate their efforts. Applicants are to show how industry may access research teams and training in a zone. The Department is to provide technical assistance (TA) and planning funds to help applicants in the process and will assist in finding other private, federal, or state funding.

The Economic Development Commission has oversight of implementation of innovation partnerships and will recommend how to strengthen research teams, fund researchers and labs, and increase commercialization capacity. The Commission is also to develop performance measures for innovation research teams and innovation partnership zone grant recipients and perform an assessment and report on commercialization of technologies and outcomes of innovation zones.

The Economic Development Commission is to work with the HEC Board and research institutions to: (1) develop a plan for recruitment of ten significant entrepreneurial researchers over the next ten years to lead innovation research teams—the HEC Board is to implement the plan; and (2) develop comprehensive entrepreneurial programs at research institutions to accelerate the commercialization process.

Ten Million dollars is appropriated from the state General Fund for fiscal year 2009, and \$5 million from the state building construction account for the biennium ending June 30, 2009.

EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means): CTED is required to administer the innovative partnership zone program with the advice of the Washington economic development council. The CTED director is required to designate innovative partnership zones by October 1 of each year and the terms of application to be an innovative partnership zone are specified. It is specified that innovative partnership zone grants are for facilities and the appropriations are removed.

Appropriation: \$10 million from the state General Fund and \$5 million from the state building construction account.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

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

PRO: The state needs a strategy to support and spread innovation. New Jersey has a zone policy putting \$10 million in three areas. This brings together research and businesses. It takes into account that different regions have different economies. Partnerships are important. The bill appears oriented to hi-tech but other innovative businesses with talent need to be supported.

Persons Testifying (Economic Development, Trade & Management): PRO: Marc Baldwin, Governor's Office; Randall Lewis, City of Tacoma; Marc Cummings, Battelle.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.