

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1128**

Chapter 72, Laws of 2009

61st Legislature  
2009 Regular Session

INNOVATION PARTNERSHIP ZONES

EFFECTIVE DATE: 07/26/09

Passed by the House February 23, 2009  
Yeas 96 Nays 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 3, 2009  
Yeas 44 Nays 0

BRAD OWEN

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**President of the Senate**

Approved April 13, 2009, 3:32 p.m.

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1128** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

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**Chief Clerk**

FILED

April 14, 2009

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1128**

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Passed Legislature - 2009 Regular Session

**State of Washington                      61st Legislature                      2009 Regular Session**

**By** House Community & Economic Development & Trade (originally sponsored by Representatives Kenney, Bailey, Pettigrew, Chase, Hudgins, Haler, Hasegawa, Darneille, Kelley, and Sullivan)

READ FIRST TIME 02/10/09.

1            AN ACT Relating to innovation partnership zones; and amending RCW  
2 43.330.270 and 43.330.280.

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

4            **Sec. 1.** RCW 43.330.270 and 2007 c 227 s 1 are each amended to read  
5 as follows:

6            (1) The department shall design and implement an innovation  
7 partnership zone program through which the state will encourage and  
8 support research institutions, workforce training organizations, and  
9 globally competitive companies to work cooperatively in close  
10 geographic proximity to create commercially viable products and jobs.

11            (2) The director shall designate innovation partnership zones on  
12 the basis of the following criteria:

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

17            (i) Research capacity in the form of a university or community  
18 college fostering commercially valuable research, nonprofit

1 institutions creating commercially applicable innovations, or a  
2 national laboratory;

3 (ii) Dense proximity of globally competitive firms in a research-  
4 based industry or industries or of individual firms with innovation  
5 strategies linked to (a)(i) of this subsection. A globally competitive  
6 firm may be signified through international organization for  
7 standardization 9000 or 1400 certification, or other recognized  
8 evidence of international success; and

9 (iii) Training capacity either within the zone or readily  
10 accessible to the zone. The training capacity requirement may be met  
11 by the same institution as the research capacity requirement, to the  
12 extent both are associated with an educational institution in the  
13 proposed zone.

14 (b) The support of a local jurisdiction, a research institution, an  
15 educational institution, an industry or cluster association, a  
16 workforce development council, and an associate development  
17 organization, port, or chamber of commerce;

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

23 (d) The innovation partnership zone administrator must be an  
24 economic development council, port, workforce development council,  
25 city, or county.

26 ~~((+2))~~ (3) With respect solely to the research capacity required  
27 in subsection (2)(a)(i) of this section, the director may waive the  
28 requirement that the research institution be located within the zone.  
29 To be considered for such a waiver, an applicant must provide a  
30 specific plan that demonstrates the research institution's unique  
31 qualifications and suitability for the zone, and the types of jointly  
32 executed activities that will be used to ensure ongoing, face-to-face  
33 interaction and research collaboration among the zone's partners.

34 (4) On October 1st of each odd-numbered year, the director shall  
35 designate innovation partnership zones on the basis of applications  
36 that meet the legislative criteria, estimated economic impact of the  
37 zone, evidence of forward planning for the zone, and other criteria as  
38 recommended by the Washington state economic development commission.

1 Estimated economic impact must include evidence of anticipated private  
2 investment, job creation, innovation, and commercialization. The  
3 director shall require evidence that zone applicants will promote  
4 commercialization, innovation, and collaboration among zone residents.

5 ~~((+3))~~ (5) Innovation partnership zones are eligible for funds and  
6 other resources as provided by the legislature or at the discretion of  
7 the governor.

8 ~~((+4))~~ (6) If the innovation partnership zone meets the other  
9 requirements of the fund sources, then the zone is eligible for the  
10 following funds relating to:

11 (a) The local infrastructure financing tools program;

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

14 (c) Job skills.

15 ~~((+5))~~ (7) An innovation partnership zone shall be designated as  
16 a zone for a four-year period. At the end of the four-year period, the  
17 zone must reapply for the designation through the department.

18 ~~((+6))~~ (8) If the director finds at any time after the initial  
19 year of designation that an innovation partnership zone is failing to  
20 meet the performance standards required in its contract with the  
21 department, the director may withdraw such designation and cease state  
22 funding of the zone.

23 (9) The department shall convene annual information sharing events  
24 for innovation partnership zone administrators and other interested  
25 parties.

26 ~~((+7))~~ (10) An innovation partnership zone shall provide  
27 performance measures as required by the director, including but not  
28 limited to private investment measures, job creation measures, and  
29 measures of innovation such as licensing of ideas in research  
30 institutions, patents, or other recognized measures of innovation.

31 (11) The department shall compile a biennial report on the  
32 innovation partnership zone program by December 1st of every even-  
33 numbered year. The report shall provide information for each zone on  
34 its: Objectives; funding, tax incentives, and other support obtained  
35 from public sector sources; major activities; partnerships; performance  
36 measures; and outcomes achieved since the inception of the zone or  
37 since the previous biennial report. The Washington state economic  
38 development commission shall review ~~((annually — the — individual~~

1 innovation — partnership — zone's — performance — measures — and — make  
2 recommendations to the department regarding additional zone designation  
3 criteria)) the department's draft report and make recommendations on  
4 ways to increase the effectiveness of individual zones and the program  
5 overall. The department shall submit the report, including the  
6 commission's recommendations, to the governor and legislature beginning  
7 December 1, 2010.

8 **Sec. 2.** RCW 43.330.280 and 2007 c 227 s 2 are each amended to read  
9 as follows:

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

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

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

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

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

32 (i) Develop a plan to build on existing, and develop new,  
33 intellectual assets and innovation research teams in the state in  
34 research areas where there is a high potential to commercialize  
35 technologies. The commission shall present the plan to the governor  
36 and legislature by December 31, ((2007)) 2009. The higher education  
37 coordinating board shall be responsible for implementing the plan in

1 conjunction with the publicly funded research institutions in the  
2 state. The plan shall address the following elements and such other  
3 elements as the commission deems important:

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

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

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

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

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

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

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

32 (e) Develop performance measures to be used in evaluating the  
33 performance of innovation research teams, the implementation of the  
34 plan and programs under (d)(i) and (ii) of this subsection, and the  
35 performance of innovation partnership zone grant recipients, including  
36 but not limited to private investment measures, business initiation  
37 measures, job creation measures, and measures of innovation such as  
38 licensing of ideas in research institutions, patents, or other

1 recognized measures of innovation. The performance measures developed  
2 shall be consistent with the economic development commission's  
3 comprehensive plan for economic development and its standards and  
4 metrics for program evaluation. The commission shall report to the  
5 legislature and the governor by (~~December 31, 2008~~) June 30, 2009, on  
6 the measures developed; and

7 (f) Using the performance measures developed, perform a biennial  
8 assessment and report, the first of which shall be due December 31,  
9 2012, on:

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

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

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

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

19 The report shall include recommendations for modifications of chapter  
20 227, Laws of 2007 and of state commercialization efforts that would  
21 enhance the state's economic competitiveness.

22 (2) The economic development commission and the workforce training  
23 and education coordinating board shall jointly convene a working group  
24 to:

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

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

Passed by the House February 23, 2009.

Passed by the Senate April 3, 2009.

Approved by the Governor April 13, 2009.

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