6518-S2.E AMH HUDG PRIN 459

**E2SSB 6518** - H AMD **944**

By Representative Hudgins

**ADOPTED 03/12/2014**

On page 12, beginning on line 1, strike all of section 7

Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 15, after line 1, insert the following:

"NEW SECTION. **Sec. 9.** A new section is added to chapter 43.333 RCW to read as follows:

(1) The innovate Washington program is created in the department to support business growth in the state's innovation and technology sectors and facilitate statewide technology transfer and commercialization activities, for the purpose of increasing the state's economic vitality.

(2) The innovate Washington program shall:

(a) Support businesses in securing federal and private funds to support product research and commercialization, developing and integrating technology in new or enhanced products and services, and launching those products and services in sustainable businesses in the state;

(b) Establish public-private partnerships and programmatic activities that increase the competitiveness of state industries;

(c) Work with utilities, district energy providers, the utilities and transportation commission, and the state energy office to improve the alignment of investments in clean energy technologies with existing state policies;

(d) Administer technology and innovation grant and loan programs including bridge funding programs for the state's technology sector;

(e) Work with impact Washington to ensure that customers have ready access to each other's services;

(f) Develop and strengthen academic-industry relationships through research and assistance that is primarily of interest to existing small and medium-sized Washington-based companies; and

(g) Reach out to firms operating in the state's innovation partnership zones.

(3) The innovate Washington program terminates June 30, 2015. Until that time, any services provided by the program may be delivered by the department directly or through a contract with a 501(c)(3) nonprofit organization with a principal office located in Washington with experience facilitating interaction between the state's higher education institutions and the state's technology-based companies on technology transfer activities.

(4) The department must establish performance metrics for the innovate Washington program. The department must report the outcomes of the program against those metrics to the governor and the economic development committees of the legislature on December 1, 2014.

NEW SECTION. **Sec. 10.** A new section is added to chapter 43.333 RCW to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Department" means the department of commerce.

(2) "Innovate Washington program" or "program" means the program created in section 205 of this act.

**Sec. 11.** RCW 43.333.030 and 2011 1st sp.s. c 14 s 4 are each amended to read as follows:

(1) The investing in innovation account is created in the custody of the state treasurer to receive state and federal funds, grants, private gifts, or contributions to further the purpose of ((~~innovate Washington~~)) growing the technology and innovation-based sectors of the state and supporting the commercialization of intellectual property and the manufacturing of innovative products in the state.

(2) Expenditures from the account may be used only for the purposes of the investing in innovation programs established in chapter 70.210 RCW and any other purpose consistent with the innovate Washington program established in this chapter.

(3) Only the ((~~executive~~)) director of ((~~innovate Washington~~)) commerce or the ((~~executive~~)) director's designee may authorize expenditures from the account. Funds may only be used for the department of commerce to provide directly or through contract services consistent with the purposes described in subsection (2) of this section. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Sec. 12.** RCW 43.333.040 and 2011 1st sp.s. c 14 s 3 are each amended to read as follows:

(1) To increase participation by Washington state small business innovators in federal small business research programs, the innovate Washington program shall provide ((~~or contract for the provision of~~)) a small business innovation assistance program. The assistance program must include a proposal review process and must train and assist Washington small business innovators to win awards from federal small business research programs. The assistance program must collaborate with small business development centers((~~, entrepreneur-in-residence programs,~~)) and other appropriate sources of technical assistance to ensure that small business innovators also receive the planning, counseling, and support services necessary to expand their businesses and protect their intellectual property.

(2) ((~~In operating the program,~~)) The innovate Washington program must give priority to first-time applicants to the federal small business research programs, new businesses, and firms with fewer than ten employees, and may charge a fee for its services.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Federal small business research programs" means the programs, operating pursuant to the small business innovation development act of 1982, P.L. 97-219, and the small business technology transfer act of 1992, P.L. 102-564, title II, that provide funds to small businesses to conduct research having commercial application.

(b) "Small business" means a corporation, partnership, sole proprietorship, or individual, operating a business for profit, with two hundred fifty employees or fewer, including employees employed in a subsidiary or affiliated corporation, that otherwise meets the requirements of federal small business research programs.

**Sec. 13.** RCW 43.333.050 and 2011 1st sp.s. c 14 s 13 are each amended to read as follows:

(1) The innovate Washington program shall administer the investing in innovation program.

(2) Not more than one percent of the available funds from the investing in innovation account may be used for administrative costs of the program.

**Sec. 14.** RCW 70.210.020 and 2011 1st sp.s. c 14 s 8 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

((~~(1) "Board" means the innovate Washington board of directors.~~  
 ~~(3) [(2)] "Innovate Washington" means the agency created in RCW 43.333.010.~~))

(1) "Department" means the department of commerce.  
 (2) "Innovate Washington program" means the program established at the department of commerce under chapter 43.333 RCW.

**Sec. 15.** RCW 70.210.030 and 2011 1st sp.s. c 14 s 9 are each amended to read as follows:

(1) The investing in innovation program is established.

(2) The innovate Washington program shall periodically make strategic assessments of the types of investments in research, technology, and industrial development in this state that would likely create new products, jobs, and business opportunities and produce the most beneficial long-term improvements to the lives and health of the citizens of the state. The assessments shall be available to the public and shall be used to guide decisions on awarding funds under this chapter.

**Sec. 16.** RCW 70.210.040 and 2011 1st sp.s. c 14 s 10 are each amended to read as follows:

The ((~~board~~)) innovate Washington program shall:

(1) Develop criteria for the awarding of loans or grants to qualifying universities, institutions, businesses, or individuals;

(2) Make decisions regarding distribution of funds;

(3) In making funding decisions and to the extent that economic impact is not diminished, provide priority to enterprises that:

(a) Were created through, and have existing intellectual property agreements in place with, public and private research institutions in the state; and

(b) Intend to produce new products or services, develop or expand facilities, or manufacture in the state; and

(4) Specify in contracts awarding funds that recipients must utilize funding received to support operations in the state of Washington and must subsequently report on the impact of their research, development, and any subsequent production activities within Washington for a period of ten years following the award of funds, and that a failure to comply with this requirement will obligate the recipient to return the amount of the award plus interest as determined by the ((~~board~~)) department.

**Sec. 17.** RCW 70.210.050 and 2011 1st sp.s. c 14 s 11 are each amended to read as follows:

(1) The ((~~board~~)) innovate Washington program may accept grant and loan proposals and establish a competitive process for the awarding of grants and loans.

(2) The ((~~board~~)) innovate Washington program shall establish a peer review committee to include ((~~board members,~~)) scientists, engineers, and individuals with specific recognized expertise. The peer review committee shall provide to the ((~~board~~)) innovate Washington program an independent peer review of all proposals determined to be competitive for a loan or grant award that are submitted to the ((~~board~~)) innovate Washington program.

(3) In the awarding of grants and loans, priority shall be given to proposals that leverage additional private and public funding resources.

((~~(4) Innovate Washington may not be a direct recipient of funding under this chapter.~~))

**Sec. 18.** RCW 70.210.060 and 2011 1st sp.s. c 14 s 12 are each amended to read as follows:

The ((~~board~~)) department shall establish performance benchmarks against which the program will be evaluated. The program shall be reviewed periodically by the ((~~board~~)) department. The ((~~board~~)) department shall report annually to the appropriate standing committees of the legislature on loans made and grants awarded and as appropriate on program reviews conducted by the ((~~board~~)) department.

NEW SECTION. **Sec. 19.** The following acts or parts of acts are each repealed:

(1) RCW 41.06.0711 (Innovate Washington‑-Certain personnel exempted from chapter) and 2011 1st sp.s. c 14 s 5;

(2) RCW 43.333.010 (Innovate Washington‑-Created‑-Mission‑-Transfer of administrative responsibilities for facilities located at the Washington technology center and Spokane intercollegiate research and technology institute‑-Five-year business plan requirements) and 2011 1st sp.s. c 14 s 1; and

(3) RCW 43.333.020 (Board of directors‑-Composition‑-Meetings‑-Duties) and 2011 1st sp.s. c 14 s 2.

(4) RCW 43.333.800 (Sustainable aviation biofuels work group) and 2012 c 63 s 4;

(5) RCW 43.333.900 (Transfer of powers, duties, and functions of Spokane intercollegiate research and technology institute and Washington technology center) and 2011 1st sp.s. c 14 s 17;

(6) RCW 43.333.901 (Effective date--2011 1st sp. S. c 14) and 2011 1st sp.s. c 14 c 12.

NEW SECTION. **Sec. 20.** A new section is added to chapter 43.333 RCW to read as follows:

(1) Innovate Washington is hereby abolished and its mission, powers, duties, and functions are hereby transferred to the department of commerce.

(2)(a) Except as provided in (c) of this subsection, all property of Innovate Washington shall be assigned and transferred to the department of commerce. Except as provided in (c) of this subsection, all reports, documents, surveys, books, records, files, papers, and written material, regardless of physical form or characteristics, in the possession of Innovate Washington shall be delivered to the department of commerce. Except as provided in (c) of this subsection, all cabinets, furniture, office equipment, motor vehicles, and other tangible property employed by Innovate Washington shall be made available to the department of commerce. Except as provided in (b) and (c) of this subsection, all funds, credits, and other assets, tangible or intangible, held by Innovate Washington shall be assigned and transferred to the department of commerce.

(b) The department of commerce shall honor any donor-imposed condition on the transfer of assets to Innovate Washington, consistent with chapter 14, Laws of 2011 1st sp. sess., returning any unused funds or other assets to the grantor or the grantor's successor in interest, if return of such funds or other assets is required in the grant or other instrument by which the asset was conveyed to Innovate Washington. Any donated assets, the use of which is limited by a donor-imposed restriction, shall be used only for the purposes specified in the granting instrument, and where the instrument restricts the use of such funds or other assets for the purposes of Innovate Washington, they shall be used by the department of commerce only for the purpose of growing the innovation-based economic sectors of the state and responding to the technology transfer needs of existing businesses in the state.

(c)(i) All real property of Innovate Washington is assigned and transferred to Washington State University, including all real estate, buildings, and facilities located at 665 North Riverpoint Boulevard in Spokane, Washington and any associated tenant leases and building obligations. All cabinets, furniture, office equipment, motor vehicles and other tangible property associated with the facilities located at 665 North Riverpoint Boulevard in Spokane, Washington are assigned and transferred to Washington State University. The master lease for the Spokane Technology Center Building located at 120 North Pine Street in Spokane, Washington is assigned and transferred to Washington State University. The department of commerce shall coordinate with the department of enterprise services in assigning and transferring the master lease. Washington State University shall explore terminating the master lease on the Spokane Technology Center and acquiring the property for reintegration into the campus, if in the best interests of the university.

(ii) In operating the 665 North Riverpoint Boulevard building and the Spokane Technology Center building, Washington State University may offer rental space to public, private, or private nonprofit entities that provided services to Innovate Washington in the Spokane Technology Center building, and not in the 665 North Riverpoint Boulevard building, and only at a gross per square foot rate equal to or greater than the rate charged to Washington State University as subleasees prior to the effective date of this act.

(d) If any question arises as to the transfer of any asset used or held in the exercise of the powers and the performance of the duties and functions transferred, the director of financial management shall make a determination as to the proper allocation and certify the same to the state agencies concerned.

(3) If apportionments of budgeted funds are required because of the transfers directed by this section, the director of financial management shall certify the apportionments to the agencies affected, the state auditor, and the state treasurer. Each of these shall make the appropriate transfer and adjustments in funds and appropriation accounts and equipment records in accordance with the certification.

NEW SECTION. **Sec. 21.** A new section is added to chapter 43.333 RCW to read as follows:

This chapter expires June 30, 2015.

NEW SECTION. **Sec. 22.** A new section is added to chapter 70.210 RCW to read as follows:

This chapter expires June 30, 2015."

Renumber the remaining sections consecutively, correct any internal references accordingly, and correct the title.

On page 15, beginning on line 2, strike all of sections 9 and 10.

Correct the title.

|  |  |
| --- | --- |
|  | EFFECT:   The Innovate Washington state agency and enabling statutes are abolished as of the effective date of the act, rather than on July 1, 2015.  Real property of Innovate Washington state agency is assigned and transferred to Washington State University (WSU) on the effective date of the act, rather than July 1, 2014.  In operating the 665 North Riverpoint Boulevard building and the Spokane Technology Center building, the amendment requires WSU to offer rental space to entities that provided services to Innovate Washington state agency, such as the Innovate Washington Foundation, only in the Spokane Technology Center building, and not in the 665 North Riverpoint Boulevard building, and only at a rate equal to or greater to that charged to WSU prior to the effective date of the act.  The underlying bill requires that entities that Innovate Washington state agency provided services to, such as participants in the business accelerator program, be offered rental space in the Spokane Technology Center building, and not in the 665 North Riverpoint building.  Creates the Innovate Washington Program (Program) at the Department of Commerce. The Program generally performs the activities formerly done by Innovate Washington state agency until June 30, 2015.  Authority over the Investing in Innovation Account is transferred from Innovate Washington the state agency to the Department of Commerce for purposes of the Program. |

**--- END ---**