

ESB 5764 - H COMM AMD
By Committee on Higher Education

NOT CONSIDERED 04/22/2011

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

3 "NEW SECTION. **Sec. 1.** (1) Innovate Washington is hereby created
4 as a state agency exercising public and essential governmental
5 functions. Innovate Washington is created as the successor to the
6 Washington technology center and the Spokane intercollegiate research
7 and technology institute. Innovate Washington is created to be a
8 collaborative effort between the state's public and private
9 institutions of higher education, private industry, and government and
10 is to be the primary agency focused on growing the innovation-based
11 economic sectors of the state and responding to the technology transfer
12 needs of existing businesses in the state.

13 (2) The mission of innovate Washington is to make Washington the
14 best place to develop, build, and deploy innovative products, services,
15 and solutions to serve the world. To carry out this mission, innovate
16 Washington is to: Develop and strengthen academic-industry
17 relationships through research and assistance that is primarily of
18 interest to existing small and medium-sized Washington-based companies;
19 facilitate company growth through early stage financing; and leverage
20 state investments in sector-focused, innovation-based economic
21 development initiatives consistent with the state's economic
22 development strategic plan. As funds are available, innovate
23 Washington shall:

24 (a) Facilitate leading edge collaborative research and technology
25 transfer opportunities to existing state businesses directly and by
26 working with industry associations and innovation partnership zones;

27 (b) Coordinate its activities with the commercialization and
28 technology transfer activities of the state's research institutions to
29 facilitate research that supports and develops state industries;

1 (c) Provide methods, systems, and venues for effective interaction
2 and collaboration between the state's technology-based industries and
3 its institutions of higher education;

4 (d) Provide assistance and support to businesses in:

5 (i) Securing federal and private funds to support product research
6 and commercialization;

7 (ii) Developing and integrating technology in new or enhanced
8 products and services; and

9 (iii) Launching those products and services in sustainable
10 businesses in the state;

11 (e) Establish programmatic activities that, through partnerships
12 with the private sector, increase the competitiveness of state
13 industries. This may include support provided to firms in innovation
14 partnership zones established under RCW 43.330.270;

15 (f) Provide opportunities for training undergraduate and graduate
16 students in technology transfer and commercialization processes through
17 direct involvement in research and industry interactions;

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

20 (h) Emphasize and develop nonstate support of program activities;
21 and

22 (i) Facilitate public-private partnerships that support the growth
23 of strategic, innovation-based sectors.

24 (3)(a) Administrative responsibilities for the Washington
25 technology center facilities located on the University of Washington
26 Seattle campus and the Spokane intercollegiate research and technology
27 institute facilities located on the Riverpoint campus operated by
28 Washington State University Spokane are hereby transferred to innovate
29 Washington. The facilities shall be used for purposes consistent with
30 the obligations of innovate Washington under this chapter. As
31 initially established, the University of Washington and Washington
32 State University shall continue to provide the facility support and
33 maintenance for these facilities as required by innovate Washington;
34 however, other institutions of higher education may provide facility
35 support and maintenance subsequently.

36 (b) The University of Washington, Washington State University, and
37 other institutions of higher education participating in innovate

1 Washington programs shall provide the affiliated staff and faculty
2 participating in these programs at their own expense.

3 (4) The facilities of innovate Washington may be made available to
4 any research institution within the state when this would benefit
5 specific program needs consistent with this chapter.

6 (5) Innovate Washington shall, by December 1, 2012, develop a
7 five-year business plan that must be updated by December 1st of every
8 even-numbered year and submitted to the appropriate committees of the
9 legislature. The plan must include:

10 (a) A plan for operating additional facilities in Vancouver, the
11 Tri-Cities, Bellingham, and such other locations as the innovate
12 Washington board identifies as appropriate;

13 (b) Identification and specification of activities to be undertaken
14 by those operating each of innovate Washington's facilities to include
15 potential collaboration with innovative programs at the state's
16 community and technical colleges and methods of working with the
17 centers of excellence established under RCW 28B.50.902 to identify
18 businesses that could benefit from innovate Washington services;

19 (c) The process to be followed, developed in collaboration with
20 impact Washington or any successor manufacturing extension partnership
21 program operating in the state, to ensure that impact Washington
22 clients have ready access to innovate Washington's services when
23 appropriate and that companies being assisted by innovate Washington
24 have ready access to impact Washington's services; and

25 (d) Mechanisms for outreach to firms operating in the state's
26 innovation partnership zones established under RCW 43.330.270 to ensure
27 such firms benefit from innovate Washington services.

28 NEW SECTION. **Sec. 2.** (1) The powers of innovate Washington are
29 vested in and shall be exercised by a board of directors consisting of:

30 (a) The governor of the state of Washington or the governor's
31 designee;

32 (b) The chairs of the committees in the senate and the house of
33 representatives responsible for economic development issues or their
34 designees;

35 (c) The president of the University of Washington or the
36 president's designee;

1 (d) The president of Washington State University or the president's
2 designee;

3 (e) The director of the department of commerce or the director's
4 designee;

5 (f) The chairs of the sector advisory committees created under this
6 chapter shall serve as ex officio voting members; and

7 (g) Seven members appointed by the governor from among individuals
8 who own or are executives at technology-based and innovative firms in
9 the state. The term of office for each board member appointed by the
10 governor shall be three years except, of the initial appointees, three
11 shall be appointed for one year and three shall be appointed for two
12 years. Members of the board may be appointed for additional terms.

13 (2) The board shall meet at least biannually. The initial meeting
14 of the board must occur before December 31, 2011.

15 (3) A board member may be removed by the governor for cause under
16 RCW 43.06.070 and 43.06.080. The governor must fill any vacancy on the
17 board by appointment for the remainder of the unexpired term.

18 (4)(a) The appointed members of the board shall be compensated in
19 accordance with RCW 43.03.240 and may be reimbursed for expenses
20 incurred in the discharge of their duties under this chapter pursuant
21 to RCW 43.03.050 and 43.03.060.

22 (b) The ex officio members of the board under subsection (1)(a) and
23 (c) through (g) of this section may be reimbursed for expenses incurred
24 in the discharge of their duties under this chapter pursuant to RCW
25 43.03.050 and 43.03.060.

26 (c) Legislative members of the board may be reimbursed for expenses
27 incurred in the discharge of their duties under this chapter pursuant
28 to RCW 44.04.120.

29 (5) A majority of currently serving board members constitutes a
30 quorum.

31 (6) Meetings of the board shall be held in accordance with the open
32 public meetings act, chapter 42.30 RCW, and at the call of the chair or
33 when a majority of the board members so requests. Meetings of the
34 board may be held at any location within or out of the state, and board
35 members may participate in a meeting of the board by means of a
36 conference telephone or similar communication equipment under RCW
37 23B.08.200.

38 (7) The innovate Washington board must:

- 1 (a) Develop operating policies for innovate Washington programs;
- 2 (b) Appoint, and perform an annual performance review of, an
3 executive director;
- 4 (c) Approve an annual operating budget and ensure adequate funding
5 for operations;
- 6 (d) Approve a five-year business plan and its updates;
- 7 (e) Perform the duties required under chapter 70.210 RCW relating
8 to the investing in innovation program;
- 9 (f) Convene representatives of the commercialization and technology
10 transfer offices of private and public research institutions in the
11 state to determine the best methods for:
- 12 (i) Integrating existing databases into a single database of in-
13 state technologies and inventions;
- 14 (ii) Making the technologies in the integrated database accessible;
15 and
- 16 (iii) Promoting the integrated database to entrepreneurs and
17 investors for commercialization and licensing purposes;
- 18 (g) Set performance goals for each program or service established;
19 and
- 20 (h) Provide a report to the governor and the legislature detailing
21 the fund-raising activities and outcomes, operations, economic impact,
22 and performance of innovate Washington. The report is due by December
23 1st of every year and the first report is due by December 1, 2012. The
24 report must include measures related to customer satisfaction as well
25 as measures of results derived from assistance provided to businesses,
26 including but not limited to job creation inside and outside of
27 Washington, new product development, new markets opened and other
28 export measures, the adoption of new production processes, revenue and
29 sales growth, measures that would be included in a balanced scorecard,
30 and such other outcome-based measures as the board determines is
31 appropriate.
- 32 (8) The board may:
- 33 (a) Make and execute agreements, contracts, and other instruments
34 with any private, public, or nonprofit entity for the performance,
35 operation, administration, implementation, or advancement of any
36 program in accordance with this chapter;
- 37 (b) Employ, contract with, or engage staff, advisors, auditors,
38 other technical or professional assistants, and such other personnel as

1 are necessary or desirable to implement this chapter. Staff support
2 for innovate Washington programs may be provided through cooperative
3 agreements with any public or private institution of higher education;

4 (c) Solicit and receive gifts, grants, donations, sponsorships, or
5 contributions from any federal, state, or local governmental agency or
6 program or any private source, and expend the same for any purpose
7 consistent with this chapter;

8 (d) Establish such:

9 (i) Affiliated organizations, that may not be considered state
10 agencies as defined under chapter 43.88 RCW, to facilitate partnerships
11 and program delivery with the private sector;

12 (ii) Special funds consistent with the provisions of chapter 43.88
13 RCW; and

14 (iii) Controls as it finds convenient for the implementation of
15 this chapter;

16 (e) Create one or more advisory committees;

17 (f) Adopt rules consistent with this chapter;

18 (g) Delegate any of its powers and duties if consistent with the
19 purposes of this chapter; and

20 (h) Exercise any other power reasonably required to implement the
21 purposes of this chapter.

22 NEW SECTION. **Sec. 3.** (1) To increase participation by Washington
23 state small business innovators in federal small business research
24 programs, innovate Washington shall provide or contract for the
25 provision of a small business innovation assistance program. The
26 program must include a proposal review process and must train and
27 assist Washington small business innovators to win awards from federal
28 small business research programs. The program must collaborate with
29 small business development centers, entrepreneur-in-residence programs,
30 and other appropriate sources of technical assistance to ensure that
31 small business innovators also receive the planning, counseling, and
32 support services necessary to expand their businesses and protect their
33 intellectual property.

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

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

3 (a) "Federal small business research programs" means the programs,
4 operating pursuant to the small business innovation development act of
5 1982, P.L. 97-219, and the small business technology transfer act of
6 1992, P.L. 102-564, title II, that provide funds to small businesses to
7 conduct research having commercial application.

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

13 NEW SECTION. **Sec. 4.** The investing in innovation account is
14 created in the custody of the state treasurer to receive state and
15 federal funds, grants, private gifts, or contributions to further the
16 purpose of innovate Washington. Expenditures from the account may be
17 used only for the purposes of the investing in innovation programs
18 established in chapter 70.210 RCW and any other purpose consistent with
19 this chapter. Only the executive director of innovate Washington or
20 the executive director's designee may authorize expenditures from the
21 account. The account is subject to allotment procedures under chapter
22 43.88 RCW, but an appropriation is not required for expenditures.

23 NEW SECTION. **Sec. 5.** The Washington clean energy partnership is
24 created as a programmatic activity of innovate Washington. The
25 partnership shall develop, implement, and manage programs and funding
26 initiatives related to expanding the clean energy sector in Washington.
27 The partnership shall coordinate clean energy initiatives and implement
28 the clean energy leadership council's recommendations provided in the
29 Washington state clean energy leadership plan report.

30 NEW SECTION. **Sec. 6.** (1) The Washington clean energy partnership
31 shall, as funds are available:

32 (a) Implement the strategy and recommendations of the clean energy
33 leadership council including implementing the first three market-
34 driving initiatives identified by the council in its 2010 report:

35 (i) Combined energy efficiency, green buildings, and smart grid;

1 (ii) Renewable energy resource optimization and smart grid
2 deployment; and
3 (iii) Bioenergy deployment acceleration;

4 (b) Assess periodically other potential opportunities, such as the
5 production of thermal energy as a clean energy technology, and add
6 market-driving initiatives if justified by comprehensive analysis;

7 (c) Serve as the primary point of contact and lead entity in the
8 state for developing and coordinating clean energy-related initiatives
9 and funding programs targeted at expanding the clean energy sector;

10 (d) Secure a minimum of fifty percent nonstate funds for projects
11 undertaken by the partnership, however nonstate funds or moneys that
12 the partnership is directed to manage that have different matching
13 contribution requirements are not subject to this subsection (1)(d);

14 (e) Use state funding to demonstrate state commitment, serve as a
15 catalyst for attracting matching funding from multiple sources, and
16 stimulate collaborative projects among other purposes;

17 (f) Work with the public and private utilities, district energy
18 providers, and the utilities and transportation commission to develop
19 recommendations to improve alignment of state investments, policies,
20 and the work of the partnership, with the operations of utilities,
21 including investor-owned utilities regulated by the utilities and
22 transportation commission, however, this subsection does not create a
23 right in any person to challenge a regulatory decision of the utilities
24 and transportation commission;

25 (g) Work with the legislature to establish a long-term, stable
26 funding strategy appropriate for supporting the partnership;

27 (h) Track, identify, and create opportunities to attract federal
28 and other nonstate funding, and make recommendations for increasing
29 Washington's success rate in receiving federal and other nonstate
30 funds;

31 (i) Work with regional public and private utilities to identify a
32 process for understanding and prioritizing their goals and make
33 recommendations for aligning, coordinating, and leveraging the
34 partnership's investments with the needs of regional utilities in ways
35 that help accelerate the growth of clean energy jobs and technology in
36 the region;

37 (j) Participate fully in federal and other governmental programs

1 and take such actions as are necessary and consistent with this chapter
2 to secure for the partnership and the people of the state the benefits
3 of those programs and to meet their requirements; and

4 (k) Conduct analyses as necessary to identify and communicate to
5 policymakers the best opportunities for Washington to maintain and
6 expand the clean energy sector in Washington state.

7 (2) Existing energy policy and regulatory functions of the
8 department of commerce shall remain with the state energy office.

9 (3) By November 1, 2012, and November 1st biennially thereafter,
10 innovate Washington must submit a report to the legislature and the
11 governor with recommendations on ways to improve policy alignment,
12 streamline regulatory requirements, and remove administrative barriers
13 that limit the growth of the clean energy sector in Washington as well
14 as a discussion of best practices encountered in implementing the
15 market-driving initiatives.

16 NEW SECTION. **Sec. 7.** The clean energy sector advisory committee
17 is created. The executive director of innovate Washington shall
18 appoint up to twenty members, the majority of which must consist of
19 representatives from companies or organizations that are directly
20 involved with developing, deploying, or operating clean energy
21 solutions. The committee shall select one member to serve as its
22 chair, and who shall also serve in an ex officio capacity on the board
23 of innovate Washington. Duties of the committee include:

24 (1) Approving the appointment of the director of the partnership;

25 (2) Approving the annual operating budget of the partnership;

26 (3) Providing strategic guidance to the director on the needs of
27 the clean energy sector; and

28 (4) Establishing priorities for the use of partnership funds,
29 including approving the allocation of funds to projects.

30 NEW SECTION. **Sec. 8.** The Washington clean energy partnership fund
31 is created in the custody of the state treasurer to receive state and
32 federal funds, grants, private gifts, or contributions to further the
33 purpose of the Washington clean energy partnership. Only the executive
34 director of innovate Washington or the director's designee may
35 authorize expenditures from the account. The account is subject to

1 allotment procedures under chapter 43.88 RCW, but an appropriation is
2 not required for expenditures.

3 **Sec. 9.** RCW 43.325.040 and 2009 c 564 s 942 and 2009 c 451 s 5 are
4 each reenacted and amended to read as follows:

5 (1) The energy freedom account is created in the state treasury.
6 All receipts from appropriations made to the account and any loan
7 payments of principal and interest derived from loans made under the
8 energy freedom account must be deposited into the account. Moneys in
9 the account may be spent only after appropriation. Expenditures from
10 the account may be used only for financial assistance for further
11 funding for projects consistent with this chapter or otherwise
12 authorized by the legislature.

13 (2) The green energy incentive account is created in the state
14 treasury as a subaccount of the energy freedom account. All receipts
15 from appropriations made to the green energy incentive account shall be
16 deposited into the account, and may be spent only after appropriation.
17 Expenditures from the account may be used only for:

18 (a) Refueling projects awarded under this chapter;

19 (b) Pilot projects for plug-in hybrids, including grants provided
20 for the electrification program set forth in RCW 43.325.110; and

21 (c) Demonstration projects developed with state universities as
22 defined in RCW 28B.10.016 and local governments that result in the
23 design and building of a hydrogen vehicle fueling station.

24 (3)(a) The energy recovery act account is created in the state
25 treasury. State and federal funds may be deposited into the account
26 and any loan payments of principal and interest derived from loans made
27 from the energy recovery act account must be deposited into the
28 account. Moneys in the account may be spent only after appropriation.

29 (b) Expenditures from the account may be used only for loans, loan
30 guarantees, and grants that encourage the establishment of innovative
31 and sustainable industries for renewable energy and energy efficiency
32 technology, including but not limited to:

33 (i) Renewable energy projects or programs that require interim
34 financing to complete project development and implementation;

35 (ii) Companies with innovative, near-commercial or commercial,
36 clean energy technology; ((and))

1 (iii) Energy efficiency technologies that have a viable repayment
2 stream from reduced utility costs; and

3 (iv) Initiatives approved by the Washington clean energy
4 partnership.

5 ~~((+e))~~ (4)(a) The director shall establish policies and procedures
6 for processing, reviewing, and approving applications for funding under
7 this section. ~~((When developing these))~~ The policies and procedures~~((~~
8 ~~the department must consider the clean energy leadership strategy~~
9 ~~developed under section 2, chapter 318, Laws of 2009))~~ developed under
10 this section must be approved by the Washington clean energy
11 partnership.

12 ~~((+d))~~ (b) The director shall enter into agreements with approved
13 applicants to fix the term and rates of funding provided from this
14 account.

15 ~~((+e))~~ (c) The policies and procedures of this subsection ~~((+3))~~
16 (4) do not apply to assistance awarded for projects under RCW
17 43.325.020(3).

18 ~~((+4))~~ (5) Any state agency receiving funding from the energy
19 freedom account is prohibited from retaining greater than three percent
20 of any funding provided from the energy freedom account for
21 administrative overhead or other deductions not directly associated
22 with conducting the research, projects, or other end products that the
23 funding is designed to produce unless this provision is waived in
24 writing by the director.

25 ~~((+5))~~ (6) Any university, institute, or other entity that is not
26 a state agency receiving funding from the energy freedom account is
27 prohibited from retaining greater than fifteen percent of any funding
28 provided from the energy freedom account for administrative overhead or
29 other deductions not directly associated with conducting the research,
30 projects, or other end products that the funding is designed to
31 produce.

32 ~~((+6) Subsections (2), (4) and (5) of this section do not apply to~~
33 ~~assistance awarded for projects under RCW 43.325.020(3)).~~

34 ~~(7) During the 2009-2011 fiscal biennium, the legislature may~~
35 ~~transfer from the energy freedom account to the state general fund such~~
36 ~~amounts as reflect the excess fund balance of the account.))~~

1 NEW SECTION. **Sec. 10.** A new section is added to chapter 41.06 RCW
2 to read as follows:

3 In addition to the exemptions in RCW 41.06.070, this chapter does
4 not apply to any position in or employee of innovate Washington under
5 chapter 43.--- RCW (the new chapter created in section 24 of this act).

6 **Sec. 11.** RCW 28B.50.902 and 2009 c 151 s 4 are each amended to
7 read as follows:

8 (1) The college board, in consultation with business, industry,
9 labor, the workforce training and education coordinating board, the
10 department of (~~community, trade, and economic development~~) commerce,
11 the employment security department, and community and technical
12 colleges, shall designate centers of excellence and allocate funds to
13 existing and new centers of excellence based on a competitive basis.

14 (2) Eligible applicants for the program established under this
15 section include community and technical colleges. Priority shall be
16 given to applicants that have an established education and training
17 program serving the targeted industry and that have in their home
18 district or region an industry cluster with the same targeted industry
19 at its core.

20 (3) It is the role of centers of excellence to employ strategies
21 to:

22 (a) Create educational efficiencies;

23 (b) Build a diverse, competitive workforce for strategic
24 industries;

25 (c) Maintain an institutional reputation for innovation and
26 responsiveness;

27 (d) Develop innovative curriculum and means of delivering education
28 and training;

29 (e) Act as brokers of information and resources related to
30 community and technical college education and training (~~for~~) and
31 assistance available for firms in a targeted industry, including
32 working with innovate Washington to develop methods to identify
33 businesses within a targeted industry that could benefit from the
34 services offered by innovate Washington under chapter 43.--- RCW (the
35 new chapter created in section 24 of this act); and

36 (f) Serve as partners with workforce development councils,

1 associate development organizations, and other workforce and economic
2 development organizations.

3 (4) Examples of strategies under subsection (3) of this section
4 include but are not limited to: Sharing curriculum and other
5 instructional resources, to ensure cost savings to the system;
6 delivering collaborative certificate and degree programs; and holding
7 statewide summits, seminars, conferences, and workshops on industry
8 trends and best practices in community and technical college education
9 and training.

10 **Sec. 12.** RCW 70.210.010 and 2003 c 403 s 1 are each amended to
11 read as follows:

12 It is the intent of the legislature to promote growth in the
13 technology sectors of our state's economy and to particularly focus
14 support on the ~~((creation and))~~ commercialization of intellectual
15 property ~~((in the technology, energy, and telecommunications~~
16 industries)) and the manufacture of innovative products in the state.

17 **Sec. 13.** RCW 70.210.020 and 2003 c 403 s 2 are each amended to
18 read as follows:

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

21 (1) ~~(("Center" means the Washington technology center established~~
22 ~~under RCW 28B.20.283 through 28B.20.295.~~

23 ~~(2))~~ "Board" means the innovate Washington board of directors
24 ~~((for the center)).~~

25 (3) "Innovate Washington" means the agency created in section 1 of
26 this act.

27 **Sec. 14.** RCW 70.210.030 and 2003 c 403 s 4 are each amended to
28 read as follows:

29 (1) The investing in innovation ~~((grants))~~ program is established.

30 (2) ~~((The center))~~ Innovate Washington shall periodically make
31 strategic assessments of the types of ~~((state))~~ investments in research
32 ~~((and)),~~ technology, and industrial development in this state that
33 would likely create new products, jobs, and business opportunities and
34 produce the most beneficial long-term improvements to the lives and

1 health of the citizens of the state. The assessments shall be
2 available to the public and shall be used to guide decisions on
3 awarding (~~grants~~) funds under this chapter.

4 **Sec. 15.** RCW 70.210.040 and 2003 c 403 s 5 are each amended to
5 read as follows:

6 The board shall:

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

9 (2) Make decisions regarding distribution of (~~grant~~) funds (~~and~~
10 ~~make grant awards~~); (~~and~~)

11 (3) In making (~~grant awards, seek to provide a balance between~~
12 ~~research grant awards and commercialization grant awards~~) funding
13 decisions and to the extent that economic impact is not diminished,
14 provide priority to enterprises that:

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

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

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

28 **Sec. 16.** RCW 70.210.050 and 2003 c 403 s 6 are each amended to
29 read as follows:

30 (1) The board may accept grant and loan proposals and establish a
31 competitive process for the awarding of grants and loans.

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

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

4 ~~(4) ((Up to fifty percent of available funds from the investing in
5 innovation account may be used to support commercialization
6 opportunities for research in Washington state through an organization
7 with commercialization expertise such as the Spokane intercollegiate
8 research and technology institute.~~

9 ~~(5) The center)) Innovate Washington may not be a direct recipient
10 of ((grant awards)) funding under this chapter ((403, Laws of 2003))~~

11 **Sec. 17.** RCW 70.210.060 and 2003 c 403 s 7 are each amended to
12 read as follows:

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

19 **Sec. 18.** RCW 70.210.070 and 2003 c 403 s 8 are each amended to
20 read as follows:

21 (1) ~~((The center))~~ Innovate Washington shall administer the
22 investing in innovation ((grants)) program.

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

26 **Sec. 19.** RCW 42.30.110 and 2010 1st sp.s. c 33 s 5 are each
27 amended to read as follows:

28 (1) Nothing contained in this chapter may be construed to prevent
29 a governing body from holding an executive session during a regular or
30 special meeting:

31 (a) To consider matters affecting national security;

32 (b) To consider the selection of a site or the acquisition of real
33 estate by lease or purchase when public knowledge regarding such
34 consideration would cause a likelihood of increased price;

1 (c) To consider the minimum price at which real estate will be
2 offered for sale or lease when public knowledge regarding such
3 consideration would cause a likelihood of decreased price. However,
4 final action selling or leasing public property shall be taken in a
5 meeting open to the public;

6 (d) To review negotiations on the performance of publicly bid
7 contracts when public knowledge regarding such consideration would
8 cause a likelihood of increased costs;

9 (e) To consider, in the case of an export trading company,
10 financial and commercial information supplied by private persons to the
11 export trading company;

12 (f) To receive and evaluate complaints or charges brought against
13 a public officer or employee. However, upon the request of such
14 officer or employee, a public hearing or a meeting open to the public
15 shall be conducted upon such complaint or charge;

16 (g) To evaluate the qualifications of an applicant for public
17 employment or to review the performance of a public employee. However,
18 subject to RCW 42.30.140(4), discussion by a governing body of
19 salaries, wages, and other conditions of employment to be generally
20 applied within the agency shall occur in a meeting open to the public,
21 and when a governing body elects to take final action hiring, setting
22 the salary of an individual employee or class of employees, or
23 discharging or disciplining an employee, that action shall be taken in
24 a meeting open to the public;

25 (h) To evaluate the qualifications of a candidate for appointment
26 to elective office. However, any interview of such candidate and final
27 action appointing a candidate to elective office shall be in a meeting
28 open to the public;

29 (i) To discuss with legal counsel representing the agency matters
30 relating to agency enforcement actions, or to discuss with legal
31 counsel representing the agency litigation or potential litigation to
32 which the agency, the governing body, or a member acting in an official
33 capacity is, or is likely to become, a party, when public knowledge
34 regarding the discussion is likely to result in an adverse legal or
35 financial consequence to the agency.

36 This subsection (1)(i) does not permit a governing body to hold an
37 executive session solely because an attorney representing the agency is

1 present. For purposes of this subsection (1)(i), "potential
2 litigation" means matters protected by RPC 1.6 or RCW 5.60.060(2)(a)
3 concerning:

4 (i) Litigation that has been specifically threatened to which the
5 agency, the governing body, or a member acting in an official capacity
6 is, or is likely to become, a party;

7 (ii) Litigation that the agency reasonably believes may be
8 commenced by or against the agency, the governing body, or a member
9 acting in an official capacity; or

10 (iii) Litigation or legal risks of a proposed action or current
11 practice that the agency has identified when public discussion of the
12 litigation or legal risks is likely to result in an adverse legal or
13 financial consequence to the agency;

14 (j) To consider, in the case of the state library commission or its
15 advisory bodies, western library network prices, products, equipment,
16 and services, when such discussion would be likely to adversely affect
17 the network's ability to conduct business in a competitive economic
18 climate. However, final action on these matters shall be taken in a
19 meeting open to the public;

20 (k) To consider, in the case of the state investment board,
21 financial and commercial information when the information relates to
22 the investment of public trust or retirement funds and when public
23 knowledge regarding the discussion would result in loss to such funds
24 or in private loss to the providers of this information;

25 (l) To consider proprietary or confidential nonpublished
26 information related to the development, acquisition, or implementation
27 of state purchased health care services as provided in RCW 41.05.026;

28 (m) To consider in the case of the life sciences discovery fund
29 authority, the substance of grant applications and grant awards when
30 public knowledge regarding the discussion would reasonably be expected
31 to result in private loss to the providers of this information;

32 (n) To consider in the case of a health sciences and services
33 authority, the substance of grant applications and grant awards when
34 public knowledge regarding the discussion would reasonably be expected
35 to result in private loss to the providers of this information;

36 (o) To consider in the case of innovate Washington, the substance
37 of grant or loan applications and grant or loan awards if public

1 knowledge regarding the discussion would reasonably be expected to
2 result in private loss to the providers of this information.

3 (2) Before convening in executive session, the presiding officer of
4 a governing body shall publicly announce the purpose for excluding the
5 public from the meeting place, and the time when the executive session
6 will be concluded. The executive session may be extended to a stated
7 later time by announcement of the presiding officer.

8 **Sec. 20.** RCW 42.56.270 and 2009 c 394 s 3 are each amended to read
9 as follows:

10 The following financial, commercial, and proprietary information is
11 exempt from disclosure under this chapter:

12 (1) Valuable formulae, designs, drawings, computer source code or
13 object code, and research data obtained by any agency within five years
14 of the request for disclosure when disclosure would produce private
15 gain and public loss;

16 (2) Financial information supplied by or on behalf of a person,
17 firm, or corporation for the purpose of qualifying to submit a bid or
18 proposal for (a) a ferry system construction or repair contract as
19 required by RCW 47.60.680 through 47.60.750 or (b) highway construction
20 or improvement as required by RCW 47.28.070;

21 (3) Financial and commercial information and records supplied by
22 private persons pertaining to export services provided under chapters
23 43.163 and 53.31 RCW, and by persons pertaining to export projects
24 under RCW 43.23.035;

25 (4) Financial and commercial information and records supplied by
26 businesses or individuals during application for loans or program
27 services provided by chapters 43.325, 43.163, 43.160, 43.330, and
28 43.168 RCW, or during application for economic development loans or
29 program services provided by any local agency;

30 (5) Financial information, business plans, examination reports, and
31 any information produced or obtained in evaluating or examining a
32 business and industrial development corporation organized or seeking
33 certification under chapter 31.24 RCW;

34 (6) Financial and commercial information supplied to the state
35 investment board by any person when the information relates to the
36 investment of public trust or retirement funds and when disclosure

1 would result in loss to such funds or in private loss to the providers
2 of this information;

3 (7) Financial and valuable trade information under RCW 51.36.120;

4 (8) Financial, commercial, operations, and technical and research
5 information and data submitted to or obtained by the clean Washington
6 center in applications for, or delivery of, program services under
7 chapter 70.95H RCW;

8 (9) Financial and commercial information requested by the public
9 stadium authority from any person or organization that leases or uses
10 the stadium and exhibition center as defined in RCW 36.102.010;

11 (10)(a) Financial information, including but not limited to account
12 numbers and values, and other identification numbers supplied by or on
13 behalf of a person, firm, corporation, limited liability company,
14 partnership, or other entity related to an application for a horse
15 racing license submitted pursuant to RCW 67.16.260(1)(b), liquor
16 license, gambling license, or lottery retail license;

17 (b) Internal control documents, independent auditors' reports and
18 financial statements, and supporting documents: (i) Of house-banked
19 social card game licensees required by the gambling commission pursuant
20 to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes
21 with an approved tribal/state compact for class III gaming;

22 (11) Proprietary data, trade secrets, or other information that
23 relates to: (a) A vendor's unique methods of conducting business; (b)
24 data unique to the product or services of the vendor; or (c)
25 determining prices or rates to be charged for services, submitted by
26 any vendor to the department of social and health services for purposes
27 of the development, acquisition, or implementation of state purchased
28 health care as defined in RCW 41.05.011;

29 (12)(a) When supplied to and in the records of the department of
30 (~~community, trade, and economic development~~) commerce:

31 (i) Financial and proprietary information collected from any person
32 and provided to the department of (~~community, trade, and economic
33 development~~) commerce pursuant to RCW 43.330.050(8); and

34 (ii) Financial or proprietary information collected from any person
35 and provided to the department of (~~community, trade, and economic
36 development~~) commerce or the office of the governor in connection with
37 the siting, recruitment, expansion, retention, or relocation of that
38 person's business and until a siting decision is made, identifying

1 information of any person supplying information under this subsection
2 and the locations being considered for siting, relocation, or expansion
3 of a business;

4 (b) When developed by the department of (~~community, trade, and~~
5 ~~economic development~~) commerce based on information as described in
6 (a)(i) of this subsection, any work product is not exempt from
7 disclosure;

8 (c) For the purposes of this subsection, "siting decision" means
9 the decision to acquire or not to acquire a site;

10 (d) If there is no written contact for a period of sixty days to
11 the department of (~~community, trade, and economic development~~)
12 commerce from a person connected with siting, recruitment, expansion,
13 retention, or relocation of that person's business, information
14 described in (a)(ii) of this subsection will be available to the public
15 under this chapter;

16 (13) Financial and proprietary information submitted to or obtained
17 by the department of ecology or the authority created under chapter
18 70.95N RCW to implement chapter 70.95N RCW;

19 (14) Financial, commercial, operations, and technical and research
20 information and data submitted to or obtained by the life sciences
21 discovery fund authority in applications for, or delivery of, grants
22 under chapter 43.350 RCW, to the extent that such information, if
23 revealed, would reasonably be expected to result in private loss to the
24 providers of this information;

25 (15) Financial and commercial information provided as evidence to
26 the department of licensing as required by RCW 19.112.110 or
27 19.112.120, except information disclosed in aggregate form that does
28 not permit the identification of information related to individual fuel
29 licensees;

30 (16) Any production records, mineral assessments, and trade secrets
31 submitted by a permit holder, mine operator, or landowner to the
32 department of natural resources under RCW 78.44.085;

33 (17)(a) Farm plans developed by conservation districts, unless
34 permission to release the farm plan is granted by the landowner or
35 operator who requested the plan, or the farm plan is used for the
36 application or issuance of a permit;

37 (b) Farm plans developed under chapter 90.48 RCW and not under the

1 federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to
2 RCW 42.56.610 and 90.64.190;

3 (18) Financial, commercial, operations, and technical and research
4 information and data submitted to or obtained by a health sciences and
5 services authority in applications for, or delivery of, grants under
6 RCW 35.104.010 through 35.104.060, to the extent that such information,
7 if revealed, would reasonably be expected to result in private loss to
8 providers of this information;

9 (19) Information gathered under chapter 19.85 RCW or RCW 34.05.328
10 that can be identified to a particular business; (~~and~~)

11 (20) Financial and commercial information submitted to or obtained
12 by the University of Washington, other than information the university
13 is required to disclose under RCW 28B.20.150, when the information
14 relates to investments in private funds, to the extent that such
15 information, if revealed, would reasonably be expected to result in
16 loss to the University of Washington consolidated endowment fund or to
17 result in private loss to the providers of this information; and

18 (21) Financial, commercial, operations, and technical and research
19 information and data submitted to or obtained by innovate Washington in
20 applications for, or delivery of, grants and loans under chapter 43.---
21 RCW (the new chapter created in section 24 of this act), to the extent
22 that such information, if revealed, would reasonably be expected to
23 result in private loss to the providers of this information.

24 NEW SECTION. **Sec. 21.** The following acts or parts of acts are
25 each repealed:

26 (1) RCW 28B.20.283 (Washington technology center--Findings) and
27 1995 c 399 s 25 & 1992 c 142 s 1;

28 (2) RCW 28B.20.285 (Washington technology center--Created--Purpose)
29 and 2004 c 151 s 3, 2003 c 403 s 10, 1992 c 142 s 3, & 1983 1st ex.s.
30 c 72 s 11;

31 (3) RCW 28B.20.287 (Washington technology center--Definitions) and
32 2004 c 151 s 4 & 1992 c 142 s 2;

33 (4) RCW 28B.20.289 (Washington technology center--Administration--
34 Board of directors) and 2003 c 403 s 11, 1995 c 399 s 26, & 1992 c 142
35 s 4;

36 (5) RCW 28B.20.291 (Washington technology center--Support from
37 participating institutions) and 1992 c 142 s 5;

1 (6) RCW 28B.20.293 (Washington technology center--Role of
2 department of community, trade, and economic development) and 1995 c
3 399 s 27 & 1992 c 142 s 6;

4 (7) RCW 28B.20.295 (Washington technology center--Availability of
5 facilities to other institutions) and 1992 c 142 s 7;

6 (8) RCW 28B.20.296 (Washington technology center--Renewable energy
7 and energy efficiency business development--Strategic plan) and 2004 c
8 151 s 2;

9 (9) RCW 28B.20.297 (Washington technology center--Small business
10 innovation research assistance program) and 2005 c 357 s 1;

11 (10) RCW 28B.38.010 (Spokane intercollegiate research and
12 technology institute) and 2004 c 275 s 55 & 1998 c 344 s 9;

13 (11) RCW 28B.38.020 (Administration--Board of directors--Powers and
14 duties) and 1998 c 344 s 10;

15 (12) RCW 28B.38.030 (Support from participating institutions) and
16 1998 c 344 s 11;

17 (13) RCW 28B.38.040 (Operating staff--Cooperative agreements for
18 programs and research) and 1998 c 344 s 12;

19 (14) RCW 28B.38.050 (Role of department of community, trade, and
20 economic development) and 1998 c 344 s 13;

21 (15) RCW 28B.38.060 (Availability of facilities to other
22 institutions) and 1998 c 344 s 14;

23 (16) RCW 28B.38.070 (Authority to receive and expend funds) and
24 1998 c 344 s 15; and

25 (17) RCW 28B.38.900 (Captions not law) and 1998 c 344 s 16.

26 NEW SECTION. **Sec. 22.** (1) The Spokane intercollegiate research
27 and technology institute and the Washington technology center are
28 hereby abolished and the powers, duties, and functions are hereby
29 transferred to innovate Washington. Once the board created in section
30 2 of this act has convened, all references to the Spokane
31 intercollegiate research and technology institute or the Washington
32 technology center in the Revised Code of Washington shall be construed
33 to mean innovate Washington.

34 (2)(a) All reports, documents, surveys, books, records, files,
35 papers, or written material in the possession of the Spokane
36 intercollegiate research and technology institute or the Washington
37 technology center shall be delivered to the custody of innovate

1 Washington. All cabinets, furniture, office equipment, motor vehicles,
2 and other tangible property employed by the Spokane intercollegiate
3 research and technology institute or the Washington technology center
4 shall be made available to innovate Washington. All funds, credits, or
5 other assets held by the Spokane intercollegiate research and
6 technology institute or the Washington technology center shall be
7 assigned to innovate Washington.

8 (b) Any appropriations made to the Spokane intercollegiate research
9 and technology institute or the Washington technology center shall, on
10 the effective date of this section, be transferred and credited to
11 innovate Washington.

12 (c) If any question arises as to the transfer of any personnel,
13 funds, books, documents, records, papers, files, equipment, or other
14 tangible property used or held in the exercise of the powers and the
15 performance of the duties and functions transferred, the director of
16 financial management shall make a determination as to the proper
17 allocation and certify the same to the state agencies concerned.

18 (3) All employees of the Spokane intercollegiate research and
19 technology institute or the Washington technology center are
20 transferred to the jurisdiction of innovate Washington. All employees
21 classified under chapter 41.06 RCW, the state civil service law, are
22 assigned to innovate Washington to perform their usual duties upon the
23 same terms as formerly, without any loss of rights, subject to any
24 action that may be appropriate thereafter in accordance with the laws
25 and rules governing state civil service.

26 (4) All rules and all pending business before the Spokane
27 intercollegiate research and technology institute or the Washington
28 technology center shall be continued and acted upon by innovate
29 Washington. All existing contracts and obligations shall remain in
30 full force and shall be performed by innovate Washington.

31 (5) The transfer of the powers, duties, functions, and personnel of
32 the Spokane intercollegiate research and technology institute and the
33 Washington technology center shall not affect the validity of any act
34 performed before the effective date of this section.

35 (6) If apportionments of budgeted funds are required because of the
36 transfers directed by this section, the director of financial
37 management shall certify the apportionments to the agencies affected,

1 the state auditor, and the state treasurer. Each of these shall make
2 the appropriate transfer and adjustments in funds and appropriation
3 accounts and equipment records in accordance with the certification.

4 (7) All classified employees of the Spokane intercollegiate
5 research and technology institute or the Washington technology center
6 assigned to innovate Washington under this section whose positions are
7 within an existing bargaining unit description at innovate Washington
8 shall become a part of the existing bargaining unit at innovate
9 Washington and shall be considered an appropriate inclusion or
10 modification of the existing bargaining unit under the provisions of
11 chapter 41.80 RCW.

12 NEW SECTION. **Sec. 23.** RCW 70.210.070 is recodified as a section
13 in chapter 43.--- RCW (the new chapter created in section 24 of this
14 act).

15 NEW SECTION. **Sec. 24.** Sections 1 through 4 and 18 of this act
16 constitute a new chapter in Title 43 RCW.

17 NEW SECTION. **Sec. 25.** Section 9 of this act expires June 30,
18 2016.

19 NEW SECTION. **Sec. 26.** This act takes effect August 1, 2011."

20 Correct the title.

EFFECT: Modifies the mission of Innovate Washington to be the
primary agency focused on growing the innovation based economic sectors
of the state.

Clarifies that Innovate Washington's functions are contingent on
available funds.

Replaces the requirement to provide research and technology
opportunities with a requirement to facilitate research and technology
transfer opportunities.

Directs that securing federal and private funds are to support
product research and commercialization and not just research.

Adds to the duties of Innovate Washington to facilitate public-
private partnerships that support the growth of strategic, innovation-
based sectors.

Replaces the requirement to make facilities available to any higher education institution in the state with permission to make facilities available to any research institution in the state.

Removes the explicit mention of Washington State University and Western Washington University from the direction to create a plan for additional facilities in the Tri-Cities, Vancouver, and Bellingham.

Requires that the chairs of the sector advisory committees are ex officio, voting members.

Removes the requirement that the seven members appointed by the Governor representing technology-based and innovative firms should be from manufacturing firms.

Removes the contracting of legal counsel from a function of the board's powers.

Clarifies that affiliated organizations to facilitate partnerships and program delivery are not state agencies.

Clarifies that the innovation account is to receive state and federal funds, grants, private gifts, or contributions to further the purpose of Innovate Washington.

Creates the Clean Energy Sector Advisory committee with up to 20 members appointed by the Innovate Washington Executive Director and outlines its duties.

Adds priority criteria related funding awarded to enterprises by Innovate Washington.

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