

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

By Representative Hudgins

**ADOPTED 03/12/2014**

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

2

3 Renummer the remaining sections consecutively and correct any  
4 internal references accordingly.

5

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

7

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

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

15 (2) The innovate Washington program shall:

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

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

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

27

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

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

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

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

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

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

21  
22 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.333  
23 RCW to read as follows:

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

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

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

29  
30 **Sec. 11.** RCW 43.333.030 and 2011 1st sp.s. c 14 s 4 are each  
31 amended to read as follows:

32 (1) The investing in innovation account is created in the custody of  
33 the state treasurer to receive state and federal funds, grants,  
34 private gifts, or contributions to further the purpose of (~~innovate~~

1 ~~Washington~~) growing the technology and innovation-based sectors of  
2 the state and supporting the commercialization of intellectual  
3 property and the manufacturing of innovative products in the state.

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

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

16  
17 **Sec. 12.** RCW 43.333.040 and 2011 1st sp.s. c 14 s 3 are each  
18 amended to read as follows:

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

31 (2) ((~~In operating the program,~~)) The innovate Washington program  
32 must give priority to first-time applicants to the federal small  
33 business research programs, new businesses, and firms with fewer than  
34 ten 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  
7 to 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  
14 **Sec. 13.** RCW 43.333.050 and 2011 1st sp.s. c 14 s 13 are each  
15 amended to read as follows:

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

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

21  
22 **Sec. 14.** RCW 70.210.020 and 2011 1st sp.s. c 14 s 8 are each  
23 amended to read as follows:

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

26 ~~((1) "Board" means the innovate Washington board of directors.  
27 (3) [(2)] "Innovate Washington" means the agency created in RCW  
28 43.333.010.))~~

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

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

32  
33 **Sec. 15.** RCW 70.210.030 and 2011 1st sp.s. c 14 s 9 are each  
34 amended to read as follows:

1 (1) The investing in innovation program is established.

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

10

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

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

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

16 (2) Make decisions regarding distribution of funds;

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

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

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

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

32

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

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

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

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

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

16  
17 **Sec. 18.** RCW 70.210.060 and 2011 1st sp.s. c 14 s 12 are each  
18 amended to read as follows:

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

25  
26 NEW SECTION. **Sec. 19.** The following acts or parts of acts are  
27 each repealed:

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

30 (2) RCW 43.333.010 (Innovate Washington--Created--Mission--  
31 Transfer of administrative responsibilities for facilities located at  
32 the Washington technology center and Spokane intercollegiate research  
33 and technology institute--Five-year business plan requirements) and  
34 2011 1st sp.s. c 14 s 1; and

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

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

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

8 (6) RCW 43.333.901 (Effective date--2011 1st sp. S. c 14) and 2011  
9 1st sp.s. c 14 c 12.

10

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

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

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

29 (b) The department of commerce shall honor any donor-imposed  
30 condition on the transfer of assets to Innovate Washington, consistent  
31 with chapter 14, Laws of 2011 1st sp. sess., returning any unused  
32 funds or other assets to the grantor or the grantor's successor in  
33 interest, if return of such funds or other assets is required in the  
34 grant or other instrument by which the asset was conveyed to Innovate

1 Washington. Any donated assets, the use of which is limited by a  
2 donor-imposed restriction, shall be used only for the purposes  
3 specified in the granting instrument, and where the instrument  
4 restricts the use of such funds or other assets for the purposes of  
5 Innovate Washington, they shall be used by the department of commerce  
6 only for the purpose of growing the innovation-based economic sectors  
7 of the state and responding to the technology transfer needs of  
8 existing businesses in the state.

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

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

33 (d) If any question arises as to the transfer of any asset used or  
34 held in the exercise of the powers and the performance of the duties

1 and functions transferred, the director of financial management shall  
2 make a determination as to the proper allocation and certify the same  
3 to the state agencies concerned.

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

10  
11 NEW SECTION. **Sec. 21.** A new section is added to chapter 43.333  
12 RCW to read as follows:

13 This chapter expires June 30, 2015.

14  
15 NEW SECTION. **Sec. 22.** A new section is added to chapter 70.210  
16 RCW to read as follows:

17 This chapter expires June 30, 2015."

18  
19 Renumber the remaining sections consecutively, correct any  
20 internal references accordingly, and correct the title.

21 On page 15, beginning on line 2, strike all of sections 9 and 10.  
22 Correct the title.  
23

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.

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