

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE SENATE BILL 6518

63rd Legislature
2014 Regular Session

Passed by the Senate March 13, 2014
YEAS 47 NAYS 0

President of the Senate

Passed by the House March 12, 2014
YEAS 97 NAYS 0

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 6518** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 6518

AS AMENDED BY THE HOUSE

Passed Legislature - 2014 Regular Session

State of Washington 63rd Legislature 2014 Regular Session

By Senate Ways & Means (originally sponsored by Senator Chase; by request of Washington State Department of Commerce)

READ FIRST TIME 02/27/14.

1 AN ACT Relating to terminating the operations of innovate
2 Washington and transferring property from innovate Washington to
3 Washington State University and the department of commerce; amending
4 RCW 28B.50.902, 28B.155.010, 42.30.110, 42.56.270, 43.333.030,
5 43.333.040, 43.333.050, 70.210.020, 70.210.030, 70.210.040, 70.210.050,
6 and 70.210.060; amending 2012 c 63 s 1 (uncodified); adding new
7 sections to chapter 43.333 RCW; adding a new section to chapter 70.210
8 RCW; creating new sections; repealing RCW 41.06.0711, 43.333.010,
9 43.333.020, 43.333.800, 43.333.900, and 43.333.901; and providing
10 expiration dates.

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

12 NEW SECTION. **Sec. 1.** The legislature intends to dissolve the
13 operations of innovate Washington and transfer the innovate Washington
14 facilities to Washington State University.

15 **Sec. 2.** RCW 28B.50.902 and 2011 1st sp.s. c 14 s 6 are each
16 amended to read as follows:

17 (1) The college board, in consultation with business, industry,
18 labor, the workforce training and education coordinating board, the

1 department of commerce, the employment security department, and
2 community and technical colleges, shall designate centers of excellence
3 and allocate funds to existing and new centers of excellence based on
4 a competitive basis.

5 (2) Eligible applicants for the program established under this
6 section include community and technical colleges. Priority shall be
7 given to applicants that have an established education and training
8 program serving the targeted industry and that have in their home
9 district or region an industry cluster with the same targeted industry
10 at its core.

11 (3) It is the role of centers of excellence to employ strategies
12 to:

13 (a) Create educational efficiencies;

14 (b) Build a diverse, competitive workforce for strategic
15 industries;

16 (c) Maintain an institutional reputation for innovation and
17 responsiveness;

18 (d) Develop innovative curriculum and means of delivering education
19 and training;

20 (e) Act as brokers of information and resources related to
21 community and technical college education and training and assistance
22 available for firms in a targeted industry(~~(, including working with
23 innovate Washington to develop methods to identify businesses within a
24 targeted industry that could benefit from the services offered by
25 innovate Washington under chapter 43.333 RCW))~~); and

26 (f) Serve as partners with workforce development councils,
27 associate development organizations, and other workforce and economic
28 development organizations.

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

36 **Sec. 3.** RCW 28B.155.010 and 2012 c 242 s 1 are each amended to
37 read as follows:

1 (1) The joint center for aerospace technology innovation is created
2 to:

3 (a) Pursue joint industry-university research in computing,
4 manufacturing efficiency, materials/structures innovation, and other
5 new technologies that can be used in aerospace firms;

6 (b) Enhance the education of students in the engineering
7 departments of the University of Washington, Washington State
8 University, and other participating institutions through industry-
9 focused research; and

10 (c) Work directly with existing small, medium-sized, and large
11 aerospace firms and aerospace industry associations to identify
12 research needs and opportunities to transfer off-the-shelf technologies
13 that would benefit such firms.

14 (2) The center shall be operated and administered as a multi-
15 institutional education and research center, conducting research and
16 development programs in various locations within Washington under the
17 joint authority of the University of Washington and Washington State
18 University. The initial administrative offices of the center shall be
19 west of the crest of the Cascade mountains. In order to meet aerospace
20 industry needs, the facilities and resources of the center must be made
21 available to all four-year institutions of higher education as defined
22 in RCW 28B.10.016. Resources include, but are not limited to,
23 internships, on-the-job training, and research opportunities for
24 undergraduate and graduate students and faculty.

25 (3) The powers of the center are vested in and shall be exercised
26 by a board of directors. The board shall consist of nine members
27 appointed by the governor. The governor shall appoint a nonvoting
28 chair. Of the eight voting members, one member shall represent small
29 aerospace firms, one member shall represent medium-sized firms, one
30 member shall represent large aerospace firms, one member shall
31 represent labor, two members shall represent aerospace industry
32 associations, and two members shall represent higher education. The
33 terms of the initial members shall be staggered.

34 (4) The board shall hire an executive director. The executive
35 director shall hire such staff as the board deems necessary to operate
36 the center. Staff support may be provided from among the cooperating
37 institutions through cooperative agreements to the extent funds are
38 available. The executive director may enter into cooperative

1 agreements for programs and research with public and private
2 organizations including state and nonstate agencies consistent with
3 policies of the participating institutions.

4 (5) The board must:

5 (a) Work with aerospace industry associations and aerospace firms
6 of all sizes to identify the research areas that will benefit the
7 intermediate and long-term economic vitality of the Washington
8 aerospace industry;

9 (b) Identify entrepreneurial researchers to join or lead research
10 teams in the research areas specified in (a) of this subsection and the
11 steps the University of Washington and Washington State University will
12 take to recruit such researchers;

13 (c) Assist firms to integrate existing technologies into their
14 operations and align the activities of the center with those of impact
15 Washington (~~(and innovate Washington)~~) to enhance services available to
16 aerospace firms;

17 (d) Develop internships, on-the-job training, research, and other
18 opportunities and ensure that all undergraduate and graduate students
19 enrolled in an aerospace engineering curriculum have direct experience
20 with aerospace firms;

21 (e) Assist researchers and firms in safeguarding intellectual
22 property while advancing industry innovation;

23 (f) Develop and strengthen university-industry relationships
24 through promotion of faculty collaboration with industry, and
25 sponsor(~~(, in collaboration with innovate Washington,)~~) at least one
26 annual symposium focusing on aerospace research in the state of
27 Washington;

28 (g) Encourage a full range of projects from small research projects
29 that meet the specific needs of a smaller company to large scale,
30 multipartner projects;

31 (h) Develop nonstate support of the center's research activities
32 through leveraging dollars from federal and private for-profit and
33 nonprofit sources;

34 (i) Leverage its financial impact through joint support
35 arrangements on a project-by-project basis as appropriate;

36 (j) Establish mechanisms for soliciting and evaluating proposals
37 and for making awards and reporting on technological progress,
38 financial leverage, and other measures of impact;

1 (k) By June 30, 2013, develop an operating plan that includes the
2 specific processes, methods, or mechanisms the center will use to
3 accomplish each of its duties as set out in this subsection; and

4 (l) Report biennially to the legislature and the governor about the
5 impact of the center's work on the state's economy and the aerospace
6 sector, with projections of future impact, providing indicators of its
7 impact, and outlining ideas for enhancing benefits to the state. The
8 report must be coordinated with the governor's office, the Washington
9 economic development commission, and the department of commerce(~~(, and~~
10 ~~innovate Washington~~)).

11 **Sec. 4.** RCW 42.30.110 and 2011 1st sp.s. c 14 s 14 are each
12 amended to read as follows:

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

16 (a) To consider matters affecting national security;

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

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

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

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

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

35 (g) To evaluate the qualifications of an applicant for public
36 employment or to review the performance of a public employee. However,
37 subject to RCW 42.30.140(4), discussion by a governing body of

1 salaries, wages, and other conditions of employment to be generally
2 applied within the agency shall occur in a meeting open to the public,
3 and when a governing body elects to take final action hiring, setting
4 the salary of an individual employee or class of employees, or
5 discharging or disciplining an employee, that action shall be taken in
6 a meeting open to the public;

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

11 (i) To discuss with legal counsel representing the agency matters
12 relating to agency enforcement actions, or to discuss with legal
13 counsel representing the agency litigation or potential litigation to
14 which the agency, the governing body, or a member acting in an official
15 capacity is, or is likely to become, a party, when public knowledge
16 regarding the discussion is likely to result in an adverse legal or
17 financial consequence to the agency.

18 This subsection (1)(i) does not permit a governing body to hold an
19 executive session solely because an attorney representing the agency is
20 present. For purposes of this subsection (1)(i), "potential
21 litigation" means matters protected by RPC 1.6 or RCW 5.60.060(2)(a)
22 concerning:

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

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

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

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

1 (k) To consider, in the case of the state investment board,
2 financial and commercial information when the information relates to
3 the investment of public trust or retirement funds and when public
4 knowledge regarding the discussion would result in loss to such funds
5 or in private loss to the providers of this information;

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

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

13 (n) To consider in the case of a health sciences and services
14 authority, the substance of grant applications and grant awards when
15 public knowledge regarding the discussion would reasonably be expected
16 to result in private loss to the providers of this information((÷

17 ~~(o) To consider in the case of innovate Washington, the substance~~
18 ~~of grant or loan applications and grant or loan awards if public~~
19 ~~knowledge regarding the discussion would reasonably be expected to~~
20 ~~result in private loss to the providers of this information)).~~

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

26 **Sec. 5.** RCW 42.56.270 and 2013 c 305 s 14 are each amended to read
27 as follows:

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

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

34 (2) Financial information supplied by or on behalf of a person,
35 firm, or corporation for the purpose of qualifying to submit a bid or
36 proposal for (a) a ferry system construction or repair contract as

1 required by RCW 47.60.680 through 47.60.750 or (b) highway construction
2 or improvement as required by RCW 47.28.070;

3 (3) Financial and commercial information and records supplied by
4 private persons pertaining to export services provided under chapters
5 43.163 and 53.31 RCW, and by persons pertaining to export projects
6 under RCW 43.23.035;

7 (4) Financial and commercial information and records supplied by
8 businesses or individuals during application for loans or program
9 services provided by chapters 43.325, 43.163, 43.160, 43.330, and
10 43.168 RCW, or during application for economic development loans or
11 program services provided by any local agency;

12 (5) Financial information, business plans, examination reports, and
13 any information produced or obtained in evaluating or examining a
14 business and industrial development corporation organized or seeking
15 certification under chapter 31.24 RCW;

16 (6) Financial and commercial information supplied to the state
17 investment board by any person when the information relates to the
18 investment of public trust or retirement funds and when disclosure
19 would result in loss to such funds or in private loss to the providers
20 of this information;

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

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

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

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

35 (b) Internal control documents, independent auditors' reports and
36 financial statements, and supporting documents: (i) Of house-banked
37 social card game licensees required by the gambling commission pursuant

1 to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes
2 with an approved tribal/state compact for class III gaming;

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

10 (12)(a) When supplied to and in the records of the department of
11 commerce:

12 (i) Financial and proprietary information collected from any person
13 and provided to the department of commerce pursuant to RCW
14 43.330.050(8); and

15 (ii) Financial or proprietary information collected from any person
16 and provided to the department of commerce or the office of the
17 governor in connection with the siting, recruitment, expansion,
18 retention, or relocation of that person's business and until a siting
19 decision is made, identifying information of any person supplying
20 information under this subsection and the locations being considered
21 for siting, relocation, or expansion of a business;

22 (b) When developed by the department of commerce based on
23 information as described in (a)(i) of this subsection, any work product
24 is not exempt from disclosure;

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

27 (d) If there is no written contact for a period of sixty days to
28 the department of commerce from a person connected with siting,
29 recruitment, expansion, retention, or relocation of that person's
30 business, information described in (a)(ii) of this subsection will be
31 available to the public under this chapter;

32 (13) Financial and proprietary information submitted to or obtained
33 by the department of ecology or the authority created under chapter
34 70.95N RCW to implement chapter 70.95N RCW;

35 (14) Financial, commercial, operations, and technical and research
36 information and data submitted to or obtained by the life sciences
37 discovery fund authority in applications for, or delivery of, grants

1 under chapter 43.350 RCW, to the extent that such information, if
2 revealed, would reasonably be expected to result in private loss to the
3 providers of this information;

4 (15) Financial and commercial information provided as evidence to
5 the department of licensing as required by RCW 19.112.110 or
6 19.112.120, except information disclosed in aggregate form that does
7 not permit the identification of information related to individual fuel
8 licensees;

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

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

16 (b) Farm plans developed under chapter 90.48 RCW and not under the
17 federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to
18 RCW 42.56.610 and 90.64.190;

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

25 (19) Information gathered under chapter 19.85 RCW or RCW 34.05.328
26 that can be identified to a particular business;

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

34 ~~(21) ((Financial, commercial, operations, and technical and~~
35 ~~research information and data submitted to or obtained by innovate~~
36 ~~Washington in applications for, or delivery of, grants and loans under~~
37 ~~chapter 43.333 RCW, to the extent that such information, if revealed,~~

1 ~~would reasonably be expected to result in private loss to the providers~~
2 ~~of this information; and~~
3 ~~(22))~~ Market share data submitted by a manufacturer under RCW
4 70.95N.190(4).

5 **Sec. 6.** 2012 c 63 s 1 (uncodified) is amended to read as follows:
6 The legislature finds that Washington is becoming a leader in the
7 development and commercialization of aviation biofuels due to its
8 strong tradition of market innovation, a concentrated demand for
9 sustainable aviation fuels, leading expertise and research capacity, an
10 established aviation manufacturing sector, and the availability of a
11 diverse range of feedstocks for the production of biofuels. The
12 legislature also finds that the development of aviation biofuels has
13 the potential to reduce dependence on foreign sources of fossil fuels,
14 reduce greenhouse gas emissions, and promote economic development and
15 jobs in Washington. The legislature intends to support the development
16 of commercial-scale aviation biofuels production facilities in
17 Washington by facilitating and streamlining the permitting process for
18 new facilities and the expansion of existing facilities and by
19 providing access to low-cost financing through the issuance of revenue
20 bonds.

21 The legislature finds that the 2012 Washington state energy
22 strategy calls for a targeted, strategic policy focus on sustainable
23 aviation biofuels to encourage the realization of Washington's
24 potential. The legislature also finds that a regional stakeholder
25 effort to explore the opportunities and challenges surrounding the
26 production of sustainable aviation fuels, known as sustainable aviation
27 biofuels northwest, urged policymakers in the Northwest to develop
28 supportive public policies that will jump start the industry, attract
29 investment, and accelerate industry growth. In order to provide focus
30 and develop policy recommendations to support the sustainable aviation
31 biofuels sector in Washington, the legislature intends to establish a
32 sustainable aviation biofuels work group. ~~((Additionally, the~~
33 ~~legislature intends Innovate Washington, designated in 2011 as the lead~~
34 ~~agency for coordinating clean energy related initiatives targeted at~~
35 ~~growing the clean energy sector, to convene the appropriate~~
36 ~~stakeholders and facilitate the opportunity for the state to realize~~
37 ~~the full economic growth impact to the state's economy.))~~

1 NEW SECTION. **Sec. 7.** (1) The office of alternative energy at
2 Washington State University shall convene a sustainable aviation
3 biofuels work group.

4 (2) The purpose of the work group is to:

5 (a) Further the development of sustainable aviation fuel as a
6 productive industry in Washington, using as a foundation the regional
7 assessment prepared by the collaborative known as the sustainable
8 aviation fuels northwest;

9 (b) Facilitate communication and coordination among aviation
10 biofuels stakeholders;

11 (c) Provide a forum for discussion and problem solving regarding
12 potential and current barriers related to technology development,
13 production, distribution, supply chain development, and
14 commercialization of aviation biofuels; and

15 (d) Provide recommendations to the legislature on potential
16 legislation that will facilitate the technology development,
17 production, distribution, and commercialization of aviation biofuels.

18 (3) The office of alternative energy at Washington State
19 University, in consultation with the legislative members, shall
20 designate work group members that represent sectors involved in
21 sustainable aviation biofuels research, development, production, and
22 utilization. The work group shall include but not be limited to
23 representatives from the following:

24 (a) The Washington state senate;

25 (b) The Washington state house of representatives;

26 (c) An agriculture advocacy organization;

27 (d) An airline operator;

28 (e) An airplane manufacturer;

29 (f) An airport operator located in western Washington and an
30 airport operator located in eastern Washington;

31 (g) Biofuels feedstock producers;

32 (h) Two biofuels producers;

33 (i) The department of agriculture;

34 (j) The department of commerce;

35 (k) The department of natural resources;

36 (l) A sustainable energy advocacy organization;

37 (m) The United States department of defense;

38 (n) The University of Washington;

1 (o) Washington State University; and

2 (p) The Pacific Northwest national laboratory.

3 (4) The work group shall choose its chair from among its
4 membership.

5 (5) The work group may not meet more than twice a year.

6 (6) The work group shall provide an update of its findings and
7 recommendations to the governor and the appropriate committees of the
8 legislature by December 1st of each even year through 2016.

9 (7) This section expires June 30, 2017.

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

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

17 (2) The innovate Washington program shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

19 **Sec. 10.** RCW 43.333.030 and 2011 1st sp.s. c 14 s 4 are each
20 amended to read as follows:

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

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

31 (3) Only the ((executive)) director of ((innovate—Washington))
32 commerce or the ((executive)) director's designee may authorize
33 expenditures from the account. Funds may only be used for the
34 department of commerce to provide directly or through contract services
35 consistent with the purposes described in subsection (2) of this

1 section. The account is subject to allotment procedures under chapter
2 43.88 RCW, but an appropriation is not required for expenditures.

3 **Sec. 11.** RCW 43.333.040 and 2011 1st sp.s. c 14 s 3 are each
4 amended to read as follows:

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

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

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

23 (a) "Federal small business research programs" means the programs,
24 operating pursuant to the small business innovation development act of
25 1982, P.L. 97-219, and the small business technology transfer act of
26 1992, P.L. 102-564, title II, that provide funds to small businesses to
27 conduct research having commercial application.

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

33 **Sec. 12.** RCW 43.333.050 and 2011 1st sp.s. c 14 s 13 are each
34 amended to read as follows:

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

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

4 **Sec. 13.** RCW 70.210.020 and 2011 1st sp.s. c 14 s 8 are each
5 amended to read as follows:

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

8 (1) (~~("Board" means the innovate Washington board of directors.~~
9 ~~(3) [(2)] "Innovate Washington" means the agency created in RCW~~
10 ~~43.333.010.~~) "Department" means the department of commerce.

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

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

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

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

24 **Sec. 15.** RCW 70.210.040 and 2011 1st sp.s. c 14 s 10 are each
25 amended to read as follows:

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

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

29 (2) Make decisions regarding distribution of funds;

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

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

1 (b) Intend to produce new products or services, develop or expand
2 facilities, or manufacture in the state; and
3 (4) Specify in contracts awarding funds that recipients must
4 utilize funding received to support operations in the state of
5 Washington and must subsequently report on the impact of their
6 research, development, and any subsequent production activities within
7 Washington for a period of ten years following the award of funds, and
8 that a failure to comply with this requirement will obligate the
9 recipient to return the amount of the award plus interest as determined
10 by the ((board)) department.

11 **Sec. 16.** RCW 70.210.050 and 2011 1st sp.s. c 14 s 11 are each
12 amended to read as follows:

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

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

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

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

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

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

1 NEW SECTION. **Sec. 18.** The following acts or parts of acts are
2 each repealed:

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

5 (2) RCW 43.333.010 (Innovate Washington--Created--Mission--Transfer
6 of administrative responsibilities for facilities located at the
7 Washington technology center and Spokane intercollegiate research and
8 technology institute--Five-year business plan requirements) and 2011
9 1st sp.s. c 14 s 1;

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

12 (4) RCW 43.333.800 (Sustainable aviation biofuels work group) and
13 2012 c 63 s 4;

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

17 (6) RCW 43.333.901 (Effective date--2011 1st sp.s. c 14) and 2011
18 1st sp.s. c 14 s 21.

19 NEW SECTION. **Sec. 19.** A new section is added to chapter 43.333
20 RCW to read as follows:

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

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

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

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

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

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

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

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

14 This chapter expires June 30, 2015.

15 NEW SECTION. **Sec. 21.** A new section is added to chapter 70.210
16 RCW to read as follows:

17 This chapter expires June 30, 2015.

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