
SUBSTITUTE SENATE BILL 5090

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kastama, Shin, Franklin, Kilmer, Marr, Kauffman, Murray and Rasmussen; by request of Governor Gregoire)

READ FIRST TIME 02/27/07.

1 AN ACT Relating to innovation partnership zones; adding a new
2 section to chapter 43.330 RCW; creating a new section; and making
3 appropriations.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that Washington is
6 home to some of the world's most innovative companies, researchers,
7 entrepreneurs, and workers. Talent and creativity exist in all areas
8 of Washington. The legislature further finds that economic potential
9 can be enhanced when the state facilitates partnerships between
10 talented leaders from research institutions, industry, and local
11 economic development and workforce development organizations to attract
12 additional talent and build on the strengths found in existing industry
13 clusters. Washington is a national leader in economic strategy based
14 on clusters of industries, promoting the connections among firms,
15 suppliers, customers, and public resources. It is the intent of the
16 legislature that Washington support innovation partnerships around the
17 state that will become globally recognized as hubs of expertise,
18 innovation, and commercialization and advance Washington's position in
19 the world economy.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW
2 to read as follows:

3 (1) The department of community, trade, and economic development
4 shall administer an innovation partnership zone program consisting of
5 innovation partnership zone grants and technical assistance and
6 planning grants. The director shall disburse innovation partnership
7 zone grants. Innovation partnership zone grants must be used to
8 facilitate the collaboration between research teams, industry, and
9 workforce training providers that will lead to the formation and
10 financing of new innovative firms, the commercialization of research
11 results, and the movement of firms and industry clusters into globally
12 competitive niches. The grants will be awarded consistent with the
13 following criteria and such other criteria as the director develops in
14 consultation with the Washington state economic development commission:

15 (a) Each grant must be matched by a commitment of financial support
16 from the private sector equal to or greater than fifty percent of the
17 requested grant amount;

18 (b) Eligible grant applicants may include associate development
19 organizations, port districts, workforce development councils,
20 educational or research institutions, and local jurisdictions;

21 (c) No more than two partnership zone grants shall be awarded
22 during the biennium ending June 30, 2009, to recipients in the central
23 Puget Sound region, a minimum of two such grants shall be awarded in
24 eastern Washington and a minimum of one such grant shall be awarded in
25 western Washington outside the central Puget Sound region;

26 (d) Applicants for innovation partnership zone grants must:

27 (i) Identify the geographic area within which they will concentrate
28 their efforts, using commonly available data and maps, that will lend
29 itself to a distinct identity;

30 (ii) Show the presence within the innovation partnership zone of
31 research capacity, including research teams focused on emerging
32 technologies and their commercialization or faculty and researchers
33 that could increase their focus on commercialization of technology if
34 provided the appropriate technical assistance;

35 (iii) Show, using labor market information from the employment
36 security department and local labor markets as well as data on revenue
37 growth rates, wage levels, and other factors, a substate geographic
38 concentration of firms within the proposed innovation partnership zone

1 that are important to the economic prosperity of the state and have
2 comparative competitive advantage or the potential for comparative
3 competitive advantage;

4 (iv) Demonstrate training capacity either within the zone or
5 readily accessible to the zone. The training capacity requirement may
6 be met by the same institution as the research capacity requirement, to
7 the extent both are associated with an educational institution in the
8 proposed zone;

9 (v) Demonstrate the support of a local jurisdiction, a research
10 institution, an educational institution, an industry or cluster
11 association, a workforce development council, and an associate
12 development organization, port, or chamber of commerce;

13 (vi) Disclose the service delivery mechanisms to be used to allow
14 industry associations, cluster associations, and businesses to access
15 the technical assistance, advisory, research, and commercialization
16 capabilities of research teams;

17 (vii) Detail how training services will be coordinated and
18 delivered to industry associations, cluster associations, and
19 businesses; and

20 (viii) Describe the methods by which the applicant will facilitate
21 the competitiveness of firms, the commercialization of research, and
22 the upgrading of worker skills within the innovation partnership zone.

23 (2) The department may provide technical assistance and planning
24 grants to prospective applicants for innovation partnership zone grants
25 who may need additional analyses or assistance to meet the requirements
26 of the grant process or the criteria for selection as an innovation
27 partnership zone grant recipient. The department may reserve up to
28 twenty-five percent of innovation partnership zone grant funds
29 available during fiscal year 2008 for the purposes of this subsection.

30 (3) The department shall assist successful innovation partnership
31 zone grant applicants in identifying and accessing any appropriate
32 private, federal, or state program that provides funding for planning,
33 infrastructure, technical assistance, or training.

34 (4) The Washington state economic development commission shall,
35 with the advice of an innovation partnership advisory group selected by
36 the commission, have oversight responsibility for the implementation of
37 the state's efforts to further innovation partnerships throughout the
38 state. The commission shall:

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

5 (b) Document clusters of companies throughout the state that have
6 comparative competitive advantage or the potential for comparative
7 competitive advantage, using the process and criteria for identifying
8 strategic clusters developed by the working group specified in
9 subsection (5) of this section;

10 (c) Conduct an innovation opportunity analysis to identify (i) the
11 strongest current intellectual assets and research teams in the state
12 focused on emerging technologies and their commercialization, and (ii)
13 faculty and researchers that could increase their focus on
14 commercialization of technology if provided the appropriate technical
15 assistance and resources;

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

18 (i) Develop a plan to build on existing, and develop new,
19 intellectual assets and innovation research teams in the state in
20 research areas where there is a high potential to commercialize
21 technologies. The commission shall present the plan to the governor
22 and legislature by December 31, 2007. The higher education
23 coordinating board shall be responsible for implementing the plan in
24 conjunction with the publicly funded research institutions in the
25 state. The plan shall address the following elements and such other
26 elements as the commission deems important:

27 (A) Specific mechanisms to support, enhance, or develop innovation
28 research teams and strengthen their research and commercialization
29 capacity in areas identified as useful to strategic clusters and
30 innovative firms in the state;

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

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

36 (D) The most productive approaches to take in the recruitment, in
37 the identified promising research areas, of a minimum of ten

1 significant entrepreneurial researchers over the next ten years to join
2 or lead innovation research teams;

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

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

8 (ii) Provide direction for the development of comprehensive
9 entrepreneurial assistance programs at research institutions. The
10 programs may involve multidisciplinary students, faculty,
11 entrepreneurial researchers, entrepreneurs, and investors in building
12 business models and evolving business plans around innovative ideas.
13 The programs are to provide technical assistance and the support of an
14 entrepreneur-in-residence to innovation research teams and offer
15 entrepreneurial training to faculty, researchers, undergraduates, and
16 graduate students. Curriculum leading to a certificate in
17 entrepreneurship shall also be offered;

18 (e) Develop performance measures to be used in evaluating the
19 performance of innovation research teams, the implementation of the
20 plan and programs under subsection (1)(d)(i) and (ii) of this section,
21 and the performance of innovation partnership zone grant recipients,
22 including but not limited to private investment measures, business
23 initiation measures, job creation measures, and measures of innovation
24 such as licensing of ideas in research institutions, patents, or other
25 recognized measures of innovation. The performance measures developed
26 shall be consistent with the economic development commission's
27 comprehensive plan for economic development and its standards and
28 metrics for program evaluation. The commission shall report to the
29 legislature and the governor by December 31, 2008, on the measures
30 developed; and

31 (f) Using the performance measures developed, perform a biennial
32 assessment and report, the first of which shall be due December 31,
33 2012, on:

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

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

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

4 (iv) Outcomes of the grants for innovation partnership zones.
5 The report shall include recommendations for modifications of this act
6 and of state commercialization efforts that would enhance the state's
7 economic competitiveness.

8 (5) The economic development commission and the workforce training
9 and education coordinating board shall jointly convene a working group
10 to:

11 (a) Specify the process and criteria for identification of substate
12 geographic concentrations of firms or employment in an industry and the
13 industry's customers, suppliers, supporting businesses, and
14 institutions, which process will include the use of labor market
15 information from the employment security department and local labor
16 markets; and

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

20 (6) The innovation partnership fund is created in the custody of
21 the state treasurer. Only the state economic development commission,
22 with the concurrence of the higher education coordinating board, may
23 authorize expenditures from the fund. Expenditures from the fund may
24 be made only for the purposes of subsection (4) of this section.
25 Revenues to the fund consist of transfers or appropriations made by the
26 legislature, transfers made by state research institutions, and private
27 donations.

28 (7) For the purposes of this act, "commercialization" means a
29 sequence of steps, including technology transfer, technical assistance
30 in product development, production process design, and technical skills
31 development, necessary to achieve market entry and general market
32 competitiveness of innovative technologies, processes, and products.

33 NEW SECTION. **Sec. 3.** (1) The sum of ten million dollars is
34 appropriated for the fiscal year ending June 30, 2009, from the general
35 fund to the innovation partnership fund for the purposes of section
36 2(4) of this act.

1 (2) The sum of five million dollars, or as much thereof as may be
2 necessary, is appropriated for the biennium ending June 30, 2009, from
3 the state building construction account to the department of community,
4 trade, and economic development for the purposes of section 2(1) of
5 this act.

--- END ---