
SECOND SUBSTITUTE SENATE BILL 5090

State of Washington

60th Legislature

2007 Regular Session

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

READ FIRST TIME 03/05/07.

1 AN ACT Relating to innovation partnership zones; adding new
2 sections to chapter 43.330 RCW; and creating new sections.

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

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

9 (2) On October 1st of each year, the director shall designate
10 innovation partnership zones. Applications for state designation of an
11 area as an innovation partnership zone may be submitted by associate
12 development organizations, port districts, workforce development
13 councils, cities, or counties. Applicants must demonstrate:

14 (a) The support of a local jurisdiction, a research institution, an
15 educational institution, an industry or cluster association, a
16 workforce development council, and an associate development
17 organization, port, or chamber of commerce;

18 (b) Evidence of planning for the innovation partnership zone;

19 (c) Identifiable boundaries for the zone within which the applicant
20 will concentrate efforts to connect innovative researchers,
21 entrepreneurs, investors, industry associations or clusters, and
22 training providers. The geographic area defined should lend itself to
23 a distinct identity and have the capacity to accommodate firm growth;

24 (d) The presence within the proposed innovation partnership zone of
25 research capacity, including research teams focused on emerging
26 technologies and their commercialization or faculty and researchers
27 that could increase their focus on commercialization of technology if
28 provided the appropriate technical assistance;

29 (e) Using labor market information from the employment security
30 department and local labor markets as well as data on revenue growth
31 rates, wage levels, and other factors, a concentration of firms within
32 the proposed innovation partnership zone that are important to the
33 economic prosperity of the state and have comparative competitive
34 advantage or the potential for comparative competitive advantage;

35 (f) Training capacity either within the zone or readily accessible
36 to the zone.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330 RCW
2 to read as follows:

3 (1) The director shall disburse innovation partnership zone grants.
4 Innovation partnership zone grants must be used to improve the
5 commercialization facilities within an area designated as an innovation
6 partnership zone and be used to facilitate the collaboration between
7 research teams, industry, and workforce training providers that will
8 lead to the formation and financing of new innovative firms, the
9 commercialization of research results, and the movement of firms and
10 industry clusters into globally competitive niches. The grants will be
11 awarded only to applicants operating within a designated innovation
12 partnership zone consistent with the following criteria and such other
13 criteria as the director develops in consultation with the Washington
14 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) During the biennium ending June 30, 2009, more than two
22 partnership zone grants shall be awarded 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) Disclose the service delivery mechanisms to be used to allow
28 industry associations, cluster associations, and businesses to access
29 the technical assistance, advisory, research, and commercialization
30 capabilities of research teams within the zone;

31 (ii) Detail how training services will be coordinated and delivered
32 to industry associations, cluster associations, and businesses within
33 the zone; and

34 (iii) Describe the methods by which the applicant will facilitate
35 the competitiveness of firms, the commercialization of research, and
36 the upgrading of worker skills within the zone.

37 (2) The department may provide technical and planning assistance,
38 either directly or through grants, to prospective applicants for

1 innovation partnership zone grants who may need additional analyses or
2 assistance to meet the requirements of the designation process or the
3 criteria for selection as an innovation partnership zone grant
4 recipient. The department may reserve up to twenty-five percent of
5 innovation partnership zone grant funds available for the purposes of
6 this subsection.

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

11 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.330 RCW
12 to read as follows:

13 (1) The Washington state economic development commission shall,
14 with the advice of an innovation partnership advisory group selected by
15 the commission, have oversight responsibility for the implementation of
16 the state's efforts to further innovation partnerships throughout the
17 state. The commission shall:

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

22 (b) Document clusters of companies throughout the state that have
23 comparative competitive advantage or the potential for comparative
24 competitive advantage, using the process and criteria for identifying
25 strategic clusters developed by the working group specified in
26 subsection (2) of this section;

27 (c) Conduct an innovation opportunity analysis to identify (i) the
28 strongest current intellectual assets and research teams in the state
29 focused on emerging technologies and their commercialization, and (ii)
30 faculty and researchers that could increase their focus on
31 commercialization of technology if provided the appropriate technical
32 assistance and resources;

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

35 (i) Develop a plan to build on existing, and develop new,
36 intellectual assets and innovation research teams in the state in
37 research areas where there is a high potential to commercialize

1 technologies. The commission shall present the plan to the governor
2 and legislature by December 31, 2007. The higher education
3 coordinating board shall be responsible for implementing the plan in
4 conjunction with the publicly funded research institutions in the
5 state. The plan shall address the following elements and such other
6 elements as the commission deems important:

7 (A) Specific mechanisms to support, enhance, or develop innovation
8 research teams and strengthen their research and commercialization
9 capacity in areas identified as useful to strategic clusters and
10 innovative firms in the state;

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

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

16 (D) The most productive approaches to take in the recruitment, in
17 the identified promising research areas, of a minimum of ten
18 significant entrepreneurial researchers over the next ten years to join
19 or lead innovation research teams;

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

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

25 (ii) Provide direction for the development of comprehensive
26 entrepreneurial assistance programs at research institutions. The
27 programs may involve multidisciplinary students, faculty,
28 entrepreneurial researchers, entrepreneurs, and investors in building
29 business models and evolving business plans around innovative ideas.
30 The programs may provide technical assistance and the support of an
31 entrepreneur-in-residence to innovation research teams and offer
32 entrepreneurial training to faculty, researchers, undergraduates, and
33 graduate students. Curriculum leading to a certificate in
34 entrepreneurship may also be offered;

35 (e) Develop performance measures to be used in evaluating the
36 performance of innovation research teams, the implementation of the
37 plan and programs under (d)(i) and (ii) of this subsection, and the
38 performance of innovation partnership zone grant recipients, including

1 but not limited to private investment measures, business initiation
2 measures, job creation measures, and measures of innovation such as
3 licensing of ideas in research institutions, patents, or other
4 recognized measures of innovation. The performance measures developed
5 shall be consistent with the economic development commission's
6 comprehensive plan for economic development and its standards and
7 metrics for program evaluation. The commission shall report to the
8 legislature and the governor by December 31, 2008, on the measures
9 developed; and

10 (f) Using the performance measures developed, perform a biennial
11 assessment and report, the first of which shall be due December 31,
12 2012, on:

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

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

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

21 (iv) Outcomes of the grants for innovation partnership zones.

22 The report shall include recommendations for modifications of this act
23 and of state commercialization efforts that would enhance the state's
24 economic competitiveness.

25 (2) The economic development commission and the workforce training
26 and education coordinating board shall jointly convene a working group
27 to:

28 (a) Specify the process and criteria for identification of substate
29 geographic concentrations of firms or employment in an industry and the
30 industry's customers, suppliers, supporting businesses, and
31 institutions, which process will include the use of labor market
32 information from the employment security department and local labor
33 markets; and

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

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.330 RCW
2 to read as follows:

3 The innovation partnership fund is created in the custody of the
4 state treasurer. Only the state economic development commission, with
5 the concurrence of the higher education coordinating board, may
6 authorize expenditures from the fund. Expenditures from the fund may
7 be made only for the purposes of section 4 of this act. Revenues to
8 the fund consist of transfers or appropriations made by the
9 legislature, transfers made by state research institutions, and private
10 donations.

11 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.330 RCW
12 to read as follows:

13 For the purposes of this act, "commercialization" means a sequence
14 of steps, including technology transfer, technical assistance in
15 product development, production process design, and technical skills
16 development, necessary to achieve market entry and general market
17 competitiveness of innovative technologies, processes, and products.

18 NEW SECTION. **Sec. 7.** If specific funding for the purposes of this
19 act, referencing this act by bill or chapter number, is not provided by
20 June 30, 2007, in the omnibus appropriations act, this act is null and
21 void.

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