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To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Section 18, Second Engrossed Senate Bill 5764 entitled:

"AN ACT Relating to innovate Washington."

This bill creates Innovate Washington as the successor agency to the Washington Technology Center and the Spokane Intercollegiate Research and Technology Institute.

Section 1 provides that Innovate Washington will act as the primary agency focused on growing innovation-based sectors of our economy and will work with business to meet technology transfer needs. This section defines the mission of Innovate Washington as making our state the best place to develop, build, and deploy innovative products with collaborative partnerships among academic institutions, industry and government. Among the means Section 1 outlines to carry out this mission is leveraging state investments in sector-focused, innovation-based economic development initiatives. Innovate Washington is designated as the lead entity to coordinate and approve state funding "for programs targeted at expanding the clean energy sector" while maintaining policy and regulatory functions at the state energy office housed at the Department of Commerce.

Given Innovate Washington's mission, the definition of "lead entity" in Section 1(7) to mean "the organization that all other state agencies must coordinate with and receive approval from in order to award state funds in support of clean energy initiatives" is limited to approval of state funding awards for the primary purpose of economic development in the clean energy sector. Approval would not extend to state funding of initiatives not specifically targeted to grow the clean energy sector. Moreover, as stated in a colloquy on the Senate floor and consistent with the terminology clean energy "initiatives," the approval required under Section 1(7) applies to new programs begun after the effective date of the act. The above understanding and

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interpretation of the bill is shared by the legislature as set forth in a letter to me from Senator Jim Kastama and Representative Deb Eddy dated May 25, 2011 encouraging me to give clarifying direction to the agencies involved. It is with this understanding that I approve Section 1.

I am vetoing Section 18 of Second Engrossed Senate Bill 5764 which requires the joint legislative audit and review committee to review performance of Innovate Washington and to make recommendations regarding the effectiveness of its programs by December 1, 2015. Innovate Washington is required to submit its first five year business plan to the legislature by December 1, 2012, which will identify its activities and programs, and set forth its operational plan and strategy for carrying out its mission. The timing of a study to determine the effectiveness of its programs is best determined based on the schedule in the business plan. When the business plan is completed, the joint legislative audit and review committee can determine the appropriate timing and content of a review based on experience without the need for a statutory provision.

For this reason, I am vetoing Section 18 of Second Engrossed Senate Bill 5764.

With the exception of Section 18, Second Engrossed Senate Bill 5764 is approved.

Respectfully submitted,

/s/

Christine O. Gregoire
Governor