

AMENDED IN ASSEMBLY MARCH 4, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 250

Introduced by Assembly Member Holden

February 6, 2013

An act to add and repeal Article 6 (commencing with Section 12099) of to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, relating to state government, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 250, as amended, Holden. California Innovation Hub Program.

The Governor's Office of Business and Economic Development serves as the Governor's lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. The office, among others, makes recommendations to the Governor and the Legislature regarding policies, programs, and actions to advance statewide economic goals.

This bill would create the California Innovation Hub Program within the Governor's Office of Business and Economic Development. The bill would require the office to designate Innovation Hubs, as specified. The bill would authorize the office, with the consent of the Director of the Department of General Services, to use vacant or underused state-owned or leased property, or both, that is controlled by the Department of General Services, as specified. The bill would authorize specified state property, when authorized by law, to be used as matching funds to meet federal funding requirements. *The bill would require the office to issue a request for proposals for the California Innovation*

Hub Program, and would require the proposals to include specified information except as provided. The bill would require each certified iHub partnership to include, among other things, at least one major university or research center or institute. The bill would establish the iHub Accelerator Fund, and would make a continuous appropriation from that fund to the office to be used for the California Innovation Hub Program, as specified.

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 6 (commencing with Section 12099) is
2 added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the
3 Government Code, to read:

4

5 Article 6. California Innovation Hub Program

6

7 12099. *The Legislature finds and declares all of the following:*

8 (a) *Job creation through rapid technology commercialization*
9 *is a vital part of the state’s economic well-being, as identified in*
10 *a January 2012 symposium held by the Brookings Institute.*

11 (b) *Innovation and tech-driven entrepreneurial activity coupled*
12 *with venture investment creates small business start-ups and*
13 *expansions at an accelerated rate, which leads to significant*
14 *employment opportunities that contribute to the state’s financial*
15 *health and economic competitiveness.*

16 (c) *In order to maintain a healthy state economy and to aid*
17 *communities, entrepreneurship and technology-based small*
18 *businesses must be stimulated and supported.*

19 (d) *The Innovation Hubs (iHubs) are operated in California*
20 *through a cooperative agreement between the Governor’s Office*
21 *of Business and Economic Development (GO-Biz) and 12*
22 *geographically distinct regions, all of which are partnered with*
23 *public universities, community college districts, local governments,*
24 *research institutions, industry, angel and venture capital networks,*
25 *and traditional financial institutions. The iHubs are California’s*
26 *premier resource for facilitating the success of entrepreneurial*
27 *and small technology start-ups that can grow California’s economy*
28 *by assisting business owners in creating and retaining jobs,*

1 *increasing sales and profits, securing business financing, and*
2 *creating a successful new business climate in the state.*

3 *(e) The iHubs' economic impact in fostering entrepreneurial*
4 *business activity leads to job creation and an innovation in the*
5 *economy by establishing a formal partnership between the office*
6 *and the iHub program.*

7 *(f) It is necessary to establish a fund that would enable the office*
8 *to obtain funding from private sources, for appropriation to state*
9 *designated iHubs, iHub partner organizations, and within state*
10 *iHub-designated regions for the purpose of establishing,*
11 *promoting, and enhancing California's innovation and*
12 *entrepreneurship ecosystem.*

13 ~~12099.~~

14 *12099.1.* (a) The California Innovation Hub Program is hereby
15 created within the office.

16 (b) The office shall designate Innovation Hubs within the state
17 to stimulate partnerships, economic development, and job creation
18 by leveraging assets to provide an innovation platform for startup
19 businesses, economic development organizations, business groups,
20 and venture capitalists. The assets may include, but are not limited
21 to, research parks, technology incubators, universities, and federal
22 laboratories.

23 (c) The office shall oversee, coordinate, and provide assistance
24 to each iHub.

25 ~~12099.1.~~

26 *12099.2.* For purposes of this article, the following terms shall
27 be defined as follows:

28 (a) *"Applicant" means a fully accredited institution of higher*
29 *education, a private nonprofit corporation engaged in economic*
30 *development activities, a county or municipality in this state that*
31 *has a preexisting economic development department or program*
32 *or both, and a public economic development institution such as a*
33 *workforce investment board, or an economic development*
34 *corporation.*

35 ~~(a)~~

36 (b) *"Demonstration site" means state owned or leased property*
37 *that can be used by an innovative business or nonprofit organization*
38 *to demonstrate its technologies pursuant to a demonstration*
39 *agreement.*

40 ~~(b) "Innovation Hub" (iHub)~~

- 1 (c) “*Innovation Hub*” or “*iHub*” means a network of
2 interrelated firms and industries that collectively drive economic
3 growth within a defined geographic area.
- 4 (d) “*iHub coordinator*” means the individual or entity agreed
5 to by the partnership that is responsible for all of the following:
- 6 (1) *Implementing the objectives of the iHub.*
 - 7 (2) *Serving as the primary agent responsible for coordinating*
8 *services and resources and maintaining the partnership.*
 - 9 (3) *Serving as the primary liaison to the state and the office.*
- 10 12099.3. (a) *The office shall issue a request for proposals for*
11 *the California Innovation Hub Program.*
- 12 (b) *An applicant’s proposal shall include, but shall not be*
13 *limited to, all of the following information:*
- 14 (1) *A statement of purpose.*
 - 15 (2) *A signed statement of cooperation and a description of the*
16 *roles and relationships of each entity involved in the partnership.*
 - 17 (3) *A designated iHub coordinator.*
 - 18 (4) *A clear explanation and map conveying the iHub’s physical*
19 *boundary.*
 - 20 (5) *A clearly stated designee to coordinate iHub activities.*
 - 21 (6) *A clearly identified central location.*
 - 22 (7) *Clearly identified benchmarks or milestones with*
23 *approximate dates as to when they will be achieved.*
 - 24 (8) *A complete budget including a description of secured funds*
25 *with proof, pending funds, and potential future funding sources.*
 - 26 (9) *A list and brief description of local and regional incentives*
27 *and support programs.*
 - 28 (10) *A clearly articulated commercial market focus and plan.*
 - 29 (11) *A clearly articulated iHub management structure and plan*
30 *that may include a description of the capabilities, qualifications,*
31 *and experience of the proposed management team, team leaders,*
32 *or key personnel who are critical to achieving the proposed*
33 *objectives.*
 - 34 (12) *A list of iHub assets and resources.*
 - 35 (13) *A clearly articulated focus area of the iHub including*
36 *industry sectors or other targeted areas for development and*
37 *growth.*
 - 38 (14) *A list of specific resources available to support and guide*
39 *start-up companies.*

1 (15) A clearly articulated list of goals to be achieved with the
2 certification of the iHub.

3 (16) Expectations for job development and business creation.

4 (17) Defined performance standards agreed upon by the
5 partners involved in the development of the iHub.

6 (18) Evaluation procedures that will be used to measure the
7 level of achievement for each stated goal.

8 (19) A plan for sustainability.

9 (20) Organizational experience including capabilities, related
10 experience, facilities, techniques, unusual resources, or unique
11 combinations of these that are integral factors for achieving the
12 proposed objectives.

13 (21) Demonstrated experience with innovation programs such
14 as involvement with technology commercialization.

15 (22) Demonstrated experience with technology transfer or
16 licensing.

17 (23) Demonstrated experience with intellectual property
18 management.

19 (24) Evidence of community engagement and support.

20 (c) The office may waive any of the requirements listed in
21 subdivision (b).

22 12099.4. (a) A designated iHub shall include at least one
23 major university or research center or institute, one economic
24 development organization, and consist of at least four of the
25 following:

26 (1) A business support organization including a workforce
27 development or training organization, incubator or business
28 accelerator, chamber of commerce, and networking organization
29 that supports innovation.

30 (2) An educational consortium including technology transfer
31 representatives.

32 (3) A venture capital network including angel investors.

33 (4) A business foundation, innovation foundation, science
34 foundation, laboratory research institution, federal laboratory, or
35 research and development facility.

36 (5) A municipal economic development division or department.

37 (6) A federal government partner such as a national laboratory.

38 12099.5. (a) Before an official designation as an iHub, the
39 applicant shall self-certify both of the following:

1 (1) That the iHub will comply with the state’s nondiscrimination
2 policy.

3 (2) That the iHub and its principals are current in payment of
4 all state and local taxes owed unless they have entered into an
5 agreement that was deemed satisfactory by the respective taxing
6 authority and are in full compliance with the agreement.

7 ~~12099.2.~~

8 12099.6. (a) An iHub may do all of, but shall not be limited
9 to, the following:

10 (1) Provide counseling and technical assistance, either by direct
11 or indirect services, in the areas of entrepreneurial business
12 planning and management, financing, and marketing for small
13 businesses.

14 (2) Provide expert advice to entrepreneurs on starting a business,
15 including legal requirements for starting a business and access to
16 financing opportunities.

17 (3) Conduct business workshops, seminars, and conferences
18 with local partners including, but not limited to, state universities,
19 state community colleges, local governments, state and federal
20 service providers, private industry, workforce investment boards
21 and agencies, small business service agencies, economic
22 development organizations, and chambers of commerce.

23 (4) Facilitate partnerships between innovative startup businesses,
24 research institutions, and venture capitalists or financial institutions.

25 (b) The iHubs shall, to the extent feasible, do all of the
26 following:

27 (1) Work in close collaboration with the activities of the office
28 as its primary statewide partner.

29 (2) Coordinate activities with the Employment Training Panel,
30 the California Workforce Investment Board, the Office of the
31 Chancellor of the California Community Colleges, the University
32 of California, the California State University, and other state
33 economic and workforce development programs.

34 ~~12099.3.~~

35 12099.7. (a) Notwithstanding any other law, the office may,
36 with the consent of the Director of the Department of General
37 Services, use vacant or underused state owned or leased property,
38 or both, that is controlled by the Department of General Services
39 for purposes including, but not limited to, assisting iHubs establish
40 proof of concept centers, incubators, and demonstration sites.

1 (b) State property under this section, when authorized by law,
2 may be used as matching funds to meet federal funding
3 requirements.

4 ~~12099.4.~~

5 12099.8. (a) The office may authorize a business or nonprofit
6 organization to use a state-owned or leased property, or both,
7 pursuant to Section ~~12099.3~~ 12099.7.

8 (b) The office shall enter into a demonstration agreement with
9 the business or nonprofit organization before a demonstration of
10 an emerging technology may occur on state-owned or leased
11 property.

12 (c) A demonstration agreement shall include all of the following:

13 (1) A provision that the business or nonprofit organization agrees
14 to indemnify the state against any liability or damages that may
15 result from the demonstration.

16 (2) A provision that authorizes the Department of General
17 Services and the office to stop the demonstration if the innovative
18 business has falsified or withheld information that should have
19 been disclosed about the demonstration.

20 (3) A provision that the business agrees to purchase insurance
21 coverage necessary, as determined by the state, to cover the costs
22 to the state for any risks.

23 (4) A certification by the innovative business that the
24 demonstration project meets all current applicable industry
25 standards, laws, and applicable regulations and can safely be
26 demonstrated. The office may require proof of such.

27 (5) Other provisions determined by the office to be relevant for
28 the successful and safe undertaking of the demonstration.

29 ~~(b)~~

30 (d) State-owned or leased property under this section shall be
31 used only in furtherance of this chapter.

32 12099.9. *The iHub Accelerator Fund is hereby created within*
33 *the State Treasury. Subject to the approval of the Department of*
34 *Finance, all moneys collected and received by the Governor's*
35 *Office of Business and Economic Development for the California*
36 *Innovation Hub Program from gifts, bequests, or donations shall*
37 *be deposited in the iHub Accelerator Fund. Notwithstanding*
38 *Section 13340, the moneys in the fund are continuously*
39 *appropriated to the office to be used for the California Innovation*

- 1 *Hub Program pursuant to the terms of the gift, bequest, or*
- 2 *donation.*

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