

AMENDED IN ASSEMBLY APRIL 18, 2013

AMENDED IN ASSEMBLY MARCH 4, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 250

**Introduced by Assembly ~~Member~~ Members Holden and
V. Manuel Pérez
(Coauthors: Assembly Members Brown and Fox)**

February 6, 2013

An act to add Article 6 (commencing with Section 12099) 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~~.
Initiatives.

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~~ *designated* iHub partnership to include, among other things, at least one major university or research center or institute. The bill would establish the ~~iHub Innovation Accelerator Fund, Account within the California Economic Development Fund~~ and would make a continuous appropriation from that ~~fund account~~ to the office to be used for ~~the California Innovation Hub Program, Initiatives~~, as specified. *The bill would require an iHub to annually post the information from these reports on its Internet Web site and notify the Governor and specified legislative committees that such information is available on its Internet Web site.*

Vote: majority. Appropriation: 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~~ *Initiatives*
 6

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

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

11 (b) Innovation and tech-driven entrepreneurial activity coupled
 12 with venture investment creates small business startups 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.

1 (d) The Innovation Hubs (iHubs) are operated in California
2 through a cooperative agreement between the Governor’s Office
3 of Business and Economic Development (GO-Biz) and 12
4 geographically distinct regions, all of which are partnered with
5 public universities, community college districts, local governments,
6 research institutions, industry, angel and venture capital networks,
7 and traditional financial institutions. The iHubs are California’s
8 premier resource for facilitating the success of entrepreneurial and
9 small technology startups that can grow California’s economy by
10 assisting business owners in creating and retaining jobs, increasing
11 sales and profits, securing business financing, and creating a
12 successful new business climate in the state.

13 (e) The iHubs’ economic impact in fostering entrepreneurial
14 business activity leads to job creation and an innovation in the
15 economy by establishing a formal partnership between the office
16 and the iHub program.

17 (f) It is necessary to establish a fund that would enable the office
18 to obtain funding from private sources, for appropriation to state
19 designated iHubs, iHub partner organizations, and within state
20 iHub-designated regions for the purpose of establishing, promoting,
21 and enhancing California’s innovation and entrepreneurship
22 ecosystem.

23 12099.1. (a) The California Innovation Hub Program is hereby
24 created within the office.

25 (b) The office shall designate Innovation Hubs within the state
26 to stimulate partnerships, economic development, and job creation
27 by leveraging assets to provide an innovation platform for startup
28 businesses, economic development organizations, business groups,
29 and venture capitalists. The assets may include, but are not limited
30 to, research parks, technology incubators, universities, and federal
31 laboratories.

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

34 12099.2. For purposes of this article, the following terms shall
35 be defined as follows:

36 (a) ~~“Applicant” means a fully accredited institution of higher~~
37 ~~education, a private nonprofit corporation engaged in economic~~
38 ~~development activities, a county or municipality in this state that~~
39 ~~has a preexisting economic development department or program~~
40 ~~or both, and a public economic development institution such as a~~

1 ~~workforce investment board, or an economic development~~
 2 ~~corporation~~ *one or more entities that submit an application to*
 3 *GO-Biz. Eligible applicants shall be one or more of the following:*
 4 (1) *A fully accredited institution of higher education.*
 5 (2) *A private nonprofit corporation engaged in economic*
 6 *development activities.*
 7 (3) *A county or municipality in this state that has a preexisting*
 8 *economic development department or program or both.*
 9 (4) *A public economic development institution such as a*
 10 *workforce investment board or an economic development*
 11 *corporation.*
 12 (b) “Demonstration site” means ~~state-owned~~ *state-owned* or
 13 *leased property that can be used by an innovative a business or*
 14 *nonprofit organization to demonstrate its technologies pursuant to*
 15 *a demonstration agreement.*
 16 (c) “Innovation Hub” or “iHub” means a network of interrelated
 17 ~~firms~~ *firms, local governments, economic development*
 18 *organizations, educational entities, and industries that collectively*
 19 *drive economic growth within a defined geographic area.*
 20 (d) “iHub coordinator” means the individual or entity agreed to
 21 by the partnership that is responsible for all of the following:
 22 (1) Implementing the objectives of the iHub.
 23 (2) Serving as the primary agent responsible for coordinating
 24 services and resources and maintaining the partnership.
 25 (3) Serving as the primary liaison to the state and the office.
 26 12099.3. (a) The office shall issue a request for proposals for
 27 the California Innovation Hub Program.
 28 (b) An applicant’s proposal shall include, but shall not be limited
 29 to, all of the following information:
 30 (1) A statement of purpose.
 31 (2) A signed statement of cooperation and a description of the
 32 roles and relationships of each entity involved in the partnership.
 33 (3) A designated iHub coordinator.
 34 (4) A clear explanation and map conveying the iHub’s physical
 35 boundary.
 36 (5) A clearly stated designee to coordinate iHub activities.
 37 (6) A clearly identified central location.
 38 (7) Clearly identified benchmarks or milestones with
 39 approximate dates as to when they will be achieved.

- 1 (8) A complete budget including a description of secured funds
- 2 with proof, pending funds, and potential future funding sources.
- 3 (9) A list and brief description of local and regional incentives
- 4 and support programs.
- 5 (10) A clearly articulated commercial market focus and plan.
- 6 (11) A clearly articulated iHub management structure and plan
- 7 that may include a description of the capabilities, qualifications,
- 8 and experience of the proposed management team, team leaders,
- 9 or key personnel who are critical to achieving the proposed
- 10 objectives.
- 11 (12) A list of iHub assets and resources.
- 12 (13) A clearly articulated focus area of the iHub including
- 13 industry sectors or other targeted areas for development and
- 14 growth.
- 15 (14) A list of specific resources available to support and guide
- 16 startup companies.
- 17 (15) A clearly articulated list of goals to be achieved with the
- 18 certification of the iHub.
- 19 (16) Expectations for job development and business creation.
- 20 (17) Defined performance standards agreed upon by the partners
- 21 involved in the development of the iHub.
- 22 (18) Evaluation procedures that will be used to measure the
- 23 level of achievement for each stated goal.
- 24 (19) A plan for sustainability.
- 25 (20) Organizational experience including capabilities, related
- 26 experience, facilities, techniques, unusual resources, or unique
- 27 combinations of these that are integral factors for achieving the
- 28 proposed objectives.
- 29 (21) Demonstrated experience with innovation programs such
- 30 as involvement with technology commercialization.
- 31 (22) Demonstrated experience with technology transfer or
- 32 licensing.
- 33 (23) Demonstrated experience with intellectual property
- 34 management.
- 35 (24) Evidence of community engagement and support.
- 36 (c) The office may waive any of the requirements listed in
- 37 subdivision (b).
- 38 (d) *The office may designate an iHub for a term of not more*
- 39 *than five years. An iHub may reapply for a designation without*
- 40 *limitation on the number of times.*

1 (e) (1) *The iHub designation shall not be official until a*
2 *memorandum of understanding is entered into by the applicant*
3 *and the office. The memorandum of understanding shall include*
4 *the goals and performance standards identified in the application*
5 *and other related requirements as determined by the office.*

6 (2) *For an iHub designated by the office before January 1, 2014,*
7 *the iHub partnership shall have until September 1, 2014, to enter*
8 *into a memorandum of understanding with the office that meets*
9 *the requirements of this article.*

10 (f) *More than one iHub may be designated in an area to the*
11 *extent that there is a clear distinction between the focus area of*
12 *each iHub.*

13 (g) *The office shall set guidelines for approval, designation,*
14 *operation, reporting, and dedesignation of iHubs.*

15 (h) *An iHub shall annually report to the office on its progress*
16 *in meeting the goals and performance standards as described in*
17 *the iHUB application and implementing memorandum of*
18 *understanding with the office. The office shall annually post the*
19 *information from these reports on the office Internet Web site and*
20 *provide notice to the Governor and relevant policy committees of*
21 *the Legislature that the information is available on the Internet*
22 *Web site.*

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

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

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

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

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

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

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

39 12099.5. (a) Before an official designation as an iHub, the
40 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 12099.6. (a) An iHub may do all of, but shall not be limited
8 to, the following:

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

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

16 (3) Conduct business workshops, seminars, and conferences
17 with local partners including, but not limited to, state universities,
18 state community colleges, local governments, state and federal
19 service providers, private industry, workforce investment boards
20 and agencies, *small business development centers, microenterprise*
21 *development organizations*, small business service agencies,
22 economic 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 12099.7. (a) Notwithstanding any other law, the office may,
35 with the consent of the Director of the Department of General
36 Services, use vacant or underused state owned or leased property,
37 or both, that is controlled by the Department of General Services
38 for purposes including, but not limited to, assisting iHubs *and*
39 *other organizations, businesses, and collaboratives* establish proof
40 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 12099.8. (a) The office may authorize a business or nonprofit
5 organization to use a state-owned or leased property, or both,
6 pursuant to Section 12099.7.

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

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

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

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

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

23 (4) A certification by the ~~innovative~~ *business or nonprofit*
24 *organization* that the demonstration project meets all current
25 ~~applicable industry standards, laws, laws~~ and applicable regulations
26 ~~and in order to establish that the project~~ can safely be
27 demonstrated. The office may require proof of such.

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

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

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

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