

AMENDED IN SENATE JUNE 26, 2013

AMENDED IN ASSEMBLY MAY 24, 2013

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 Members Holden and V. Manuel Pérez
(Coauthors: Assembly Members Brown and Fox)
(Coauthor: Senator Lieu)

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 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 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 designated iHub partnership to include, among other things, at least one major university or research center or institute. The bill would establish the Innovation Accelerator Account within the California Economic Development Fund and would make a continuous appropriation from that account to the office to be used for California Innovation 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 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.

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,

1 and traditional financial institutions. The iHubs are California's
2 premier resource for facilitating the success of entrepreneurial and
3 small technology startups that can grow California's economy by
4 assisting business owners in creating and retaining jobs, increasing
5 sales and profits, securing business financing, and creating a
6 successful new business climate in the state.

7 (e) The iHubs' economic impact in fostering entrepreneurial
8 business activity leads to job creation and an innovation in the
9 economy by establishing a formal partnership between the office
10 and the iHub program.

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

17 12099.1. (a) The California Innovation Hub Program is hereby
18 created within the office.

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

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

28 12099.2. For purposes of this article, the following terms shall
29 be defined as follows:

30 (a) "Applicant" means one or more entities that submit an
31 application to GO-Biz. Eligible applicants shall be one or more of
32 the following:

33 (1) A fully accredited institution of higher education.

34 (2) A private nonprofit corporation engaged in economic
35 development activities.

36 (3) A county or municipality in this state that has a preexisting
37 economic development department or program or both.

38 (4) A public economic development institution such as a
39 workforce investment board or an economic development
40 corporation.

- 1 (b) “Innovation Hub” or “iHub” means a network of interrelated
- 2 firms, local governments, economic development organizations,
- 3 educational entities, and industries that collectively drive economic
- 4 growth within a defined geographic area.
- 5 (c) “iHub coordinator” means the individual or entity agreed to
- 6 by the partnership that is responsible for all of the following:
- 7 (1) Implementing the objectives of the iHub.
- 8 (2) Serving as the primary agent responsible for coordinating
- 9 services and resources and maintaining the partnership.
- 10 (3) Serving as the primary liaison to the state and the office.
- 11 12099.3. (a) The office shall issue a request for proposals for
- 12 the California Innovation Hub Program.
- 13 (b) An applicant’s proposal shall include, but shall not be limited
- 14 to, all of the following information:
- 15 (1) A statement of purpose.
- 16 (2) A signed statement of cooperation and a description of the
- 17 roles and relationships of each entity involved in the partnership.
- 18 (3) A designated iHub coordinator.
- 19 (4) A clear explanation and map conveying the iHub’s physical
- 20 boundary.
- 21 (5) A clearly stated designee to coordinate iHub activities.
- 22 (6) A clearly identified central location.
- 23 (7) Clearly identified benchmarks or milestones with
- 24 approximate dates as to when they will be achieved.
- 25 (8) A complete budget including a description of secured funds
- 26 with proof, pending funds, and potential future funding sources.
- 27 (9) A list and brief description of local and regional incentives
- 28 and support programs.
- 29 (10) A clearly articulated commercial market focus and plan.
- 30 (11) A clearly articulated iHub management structure and plan
- 31 that may include a description of the capabilities, qualifications,
- 32 and experience of the proposed management team, team leaders,
- 33 or key personnel who are critical to achieving the proposed
- 34 objectives.
- 35 (12) A list of iHub assets and resources.
- 36 (13) A clearly articulated focus area of the iHub including
- 37 industry sectors or other targeted areas for development and
- 38 growth.
- 39 (14) A list of specific resources available to support and guide
- 40 startup 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 partners
5 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 (d) The office may designate an iHub for a term of not more
23 than five years. An iHub may reapply for a designation without
24 limitation on the number of times.
- 25 (e) (1) The iHub designation shall not be official until a
26 memorandum of understanding is entered into by the applicant
27 and the office. The memorandum of understanding shall include
28 the goals and performance standards identified in the application
29 and other related requirements as determined by the office.
- 30 (2) For an iHub designated by the office before January 1, 2014,
31 the iHub partnership shall have until September 1, 2014, to enter
32 into a memorandum of understanding with the office that meets
33 the requirements of this article.
- 34 (f) More than one iHub may be designated in an area to the
35 extent that there is a clear distinction between the focus area of
36 each iHub.
- 37 (g) The office shall set guidelines for approval, designation,
38 operation, reporting, *redesignation*, and dedesignation of iHubs.
- 39 (h) An iHub shall annually report to the office on its progress
40 in meeting the goals and performance standards as described in

1 the iHUB application and implementing memorandum of
2 understanding with the office. The office shall annually post the
3 information from these reports on the office Internet Web site and
4 provide notice to the Governor and relevant policy committees of
5 the Legislature that the information is available on the Internet
6 Web site.

7 12099.4. (a) A designated iHub shall include at least one major
8 university or research center or institute, one economic
9 development organization, and consist of at least four of the
10 following:

11 (1) A business support organization including a workforce
12 development or training organization, incubator or business
13 accelerator, business technical assistance providers, chamber of
14 commerce, and networking organization that supports innovation.

15 (2) An educational consortium including technology transfer
16 representatives.

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

18 (4) A business foundation, innovation foundation, science
19 foundation, laboratory research institution, federal laboratory, or
20 research and development facility.

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

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

23 12099.5. (a) Before an official designation as an iHub, the
24 applicant shall self-certify both of the following:

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

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

31 12099.6. (a) An iHub may do all of, but shall not be limited
32 to, the following:

33 (1) Provide counseling and technical assistance, either by direct
34 or indirect services, in the areas of entrepreneurial business
35 planning and management, financing, and marketing for small
36 businesses.

37 (2) Provide expert advice to entrepreneurs on starting a business,
38 including legal requirements for starting a business and access to
39 financing opportunities.

1 (3) Conduct business workshops, seminars, and conferences
2 with local partners including, but not limited to, state universities,
3 state community colleges, local governments, state and federal
4 service providers, private industry, workforce investment boards
5 and agencies, small business development centers, microenterprise
6 development organizations, small business service agencies,
7 economic development organizations, and chambers of commerce.

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

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

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

14 (2) Coordinate activities with the Employment Training Panel,
15 the California Workforce Investment Board, the Office of the
16 Chancellor of the California Community Colleges, the University
17 of California, the California State University, and other state
18 economic and workforce development programs.

19 12099.7. The Innovation Accelerator Account is hereby created
20 within the California Economic Development Fund in the State
21 Treasury. Subject to the approval of the Department of Finance,
22 all moneys collected and received by the Governor's Office of
23 Business and Economic Development for California Innovation
24 Initiatives from gifts, bequests, or donations shall be deposited in
25 the iHub Accelerator Fund. Notwithstanding Section 13340, the
26 moneys in the account are continuously appropriated to the office
27 to be used for California Innovation Initiatives pursuant to the
28 terms of the gift, bequest, or donation.