

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass and Be Referred to Ways and Means By Prior Reference
Vote:	10 - 0 - 0
Yeas:	Bentz, Cameron, Davis, Doherty, Gorsek, Lively, McKeown, Nathanson, Parrish, Read
Nays:	0
Exc.:	0
Prepared By:	Troy Rayburn, Administrator
Meeting Dates:	3/13

WHAT THE MEASURE DOES: Appropriates moneys to Oregon Innovation Council to fund grants and loans for innovation based economic development.

ISSUES DISCUSSED:

- Profile of projects assisted and their contributions:
 - Clean energy
 - Water purification / waste water technology
 - Solar and wind energy
 - Agricultural technologies
 - Home insulation (Indow Windows)
 - Bio science
- Short term benefits vs. long term benefits
- Benefits of research centers to Oregon
 - Diversifies state economy
 - Raises Oregon's profile
 - Recruitment of research companies to Oregon
 - Assists with local private sector start-up businesses
 - Retains academic, research, and science jobs in the state
 - State financial assistance helps secure federal matches
- Potential risks
 - Venture capitalists model of operation
 - No clear return on investment
- Other services provided
 - Mentoring of recruited businesses
- Ask = \$23.95 million

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon Innovation Council was created in 2005, when the Governor and Legislative Assembly brought together leaders from the private sector, the State's four research universities, and government to create a new way to do business. The Council is an all-volunteer organization, driven by private sector leadership focused three key goals: Create jobs, create companies, and bring outside dollars back to Oregon.

The perception of the need to change how Oregon supported and funded technology-based economic development is based on a few specific factors. Oregon is a state with a population and economy dwarfed by its high-tech neighbors to the north and south. While Oregon's research universities were respected, they could not individually compete with national institutions or regional research clusters. By building one-of-a-kind shared labs open to all researchers from every Oregon university, and requiring collaboration between multiple campuses and faculties as a condition of funding, Oregon could become a national leader in select fields and better compete for research dollars.

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This summary has not been adopted or officially endorsed by action of the committee.

The Council pressed the lessons of the private sector onto an open, highly competitive process with the ultimate aim of supporting and funding only those cutting edge ideas that create new jobs, new industries and a new innovation-based economy. The result was three initiatives that created Signature Research Centers with a mission to support and commercialize university research; two initiatives to help existing industries become more profitable and competitive by using innovation to make them more sustainable and efficient; and the creation of a clean, green industry from wave energy.

Each biennium, the Oregon Innovation Council reopens this competition. To ensure goals are met on a rigorous time schedule, the Innovation Council empowered an audit committee of private sector leaders to track each initiative's progress, provide technical assistance, and make changes if necessary, or stop funding altogether. Four Oregon legislators are part of the committee, which meets every quarter to review results.

Ultimately, like any private sector business, such initiatives continue only as long as they can show they are operating at a "profit" for the state. Those helping Oregon industries become more competitive and sustainable are expected to "graduate" to economic independence eventually, while Oregon Innovation Council's research centers reduce the role of state funding needed as they mature.