
**Economic Development,
Agriculture & Trade Committee**

2SSB 5370

Brief Description: Creating the economic development strategic reserve account.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Benson, Shin, Sheldon, Eide, Kohl-Welles and McAuliffe).

Brief Summary of Second Substitute Bill

- Creates the Economic Development Strategic Reserve Account to fund the Economic Development Commission and expenditures to prevent the closure of a business or facility, the relocation of a business or facility to outside of Washington, or to recruit a business or facility to Washington.

Hearing Date: 3/29/05

Staff: Tracey Taylor (786-7196).

Background:

Created in 2002 by the Governor and codified in 2003 by the Legislature, the Economic Development Commission (ED Commission) is charged with providing policy, strategic, and programmatic direction to the Department of Community, Trade and Economic Development (DCTED).

The seven to nine Governor-appointed members are tasked with reviewing and periodically updating the state's economic development strategy, identifying policies and programs to assist Washington's small businesses, and making a biennial report to the Legislature. In addition, the ED Commission provides policy, strategic and programmatic advice to the DCTED regarding strategies to: promote business retention, expansion, and creation within the state; promote the business climate of the state and stimulate national and international investment in the state; promote the products and services of the state; enhance relationships and cooperation between local governments, economic development councils, and the Legislature; integrate economic development programs; and make funds available for economic development purposes more flexible to meet emergent needs and maximize opportunities.

The ED Commission hold regular quarterly meetings around the state. In addition, the ED Commission utilizes committees and special purpose task forces on an as needed basis.

Summary of Bill:

The Economic Development Strategic Reserve Account (Account) is created in the state treasury. Subject to legislative appropriation, expenditures from the account may be authorized by the Governor, in consultation with the Director of the DCTED and the ED Commission, to fund a minimum of one full-time equivalent staff position for the ED Commission and to cover any other operational expenses of the ED Commission.

In addition, expenditures from the Account may be authorized by the Governor, in consultation with the Director of the DCTED and the ED Commission, to prevent the closure of a business or facility, to prevent the relocation of a business or facility to a location outside of the state, or to recruit a business or facility to the state. The expenditures may be used for work force development or public infrastructure needed to support or sustain the operations of the business or facility. The funds may also be used for other lawfully provided assistance, including technical assistance, environmental analysis, relocation assistance and planning assistance; however, the funding may only be provided for such instances when it is in the public good and may be provided under a contractual agreement ensuring the state will receive appropriate consideration.

In order for funds from the Account to be used, the Director of the DCTED or the business or facility must not be able to secure funding from other timely sources. In addition, the business or facility must produce or will produce significant long-term economic benefits to the state, a region of the state, or a particular community in the state. Also in order to qualify for the funds, the business or facility cannot require a continuing state subsidy. Any expenditure from the Account must result in new jobs, job retention, or higher incomes for the citizens of the state. Finally, any expenditure from the Account will not supplant private investment and must be accompanied by private investment.

Appropriation: None.

Fiscal Note: Available for the proposed substitute.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.