

---

**Community & Economic  
Development & Trade Committee**

---

**2SSB 5995**

**Brief Description:** Providing for the role of the economic development commission in state government.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Zarelli, Kilmer, Clements, Kauffman, Shin, Pridemore, Regala, Fairley, Brown, Jacobsen and Rasmussen).

**Brief Summary of Second Substitute Bill**

- Creates the Economic Development Commission (Commission) as a stand-alone state agency.
- Expands the membership of the Commission.
- Authorizes the hiring of an executive director and other staff to support the Commission.
- Expands the duties of the Commission.

**Hearing Date:** 3/19/07

**Staff:** Tracey Taylor (786-7196).

**Background:**

In 2003, the Legislature established the Economic Development Commission (Commission). The duties of the Commission include: reviewing and periodically updating the state's economic development strategy and performance measures, and performing an annual evaluation; providing policy direction to the Department of Community, Trade and Economic Development (DCTED); identifying policies and programs to assist Washington's small businesses; and assisting the DCTED with procurement and deployment of private funds for business development, recruitment and promotion. In addition, the Commission is charged with

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

providing policy direction to the DCTED regarding the development of strategies that: (1) promote business retention, expansion and creation within the state; (2) market state products and services; (3) promote the state's business climate; (4) enhance relationships and cooperation between local governments, economic development councils, state agencies, and the Legislature; (5) integrate economic development programs; and (6) increase the flexibility of funds available for economic development. The Commissioners shall also meet with the chairs and ranking minority members of the legislative committees overseeing economic development policies.

The Director of the DCTED must work with the Commission to develop and implement economic development policies consistent with the advice of the Commission.

The Commission consists of seven to nine members appointed by the Governor, and each serves three-year terms. The members selected must broadly represent the state's geographic regions, including central and eastern Washington. In making the appointments, the Governor must consult with organizations with an interest in economic development, as well as the chairs of the legislative committees with jurisdiction over economic development issues. The Governor should also consider representation from women-owned businesses, minority-owned businesses and small businesses. Seventy-five percent of the Commission members must be from the private sector. The chair of the Commission shall be selected from the appointed members by a majority vote of the Commission.

The Commission is required to provide a biennial report to the Legislature outlining the Commission's review of and recommendations regarding the state's laws, economic development policies, and programs.

### **Summary of Bill:**

The Commission is created as a stand-alone state agency.

The membership of the Commission is increased to 11 voting members, appointed by the Governor with the consent of the Senate. The members must be distributed as follows: six representatives of the private sectors; one representative of labor; one representative of port districts; two representatives of institutions of higher education; and one representative of associate development organizations. In addition, the director of the DCTED, the director of the Workforce Training and Education Coordinating Board, the Commissioner of the Employment Security Department, and the chairs of the standing economic development committees of the House of Representatives and the Senate shall serve as nonvoting, ex-officio members.

The chair of the Commission shall be a nonvoting members selected by the Governor, with the consent of the Senate, and shall serve at the pleasure of the Governor. In selecting the chair, the Governor shall seek a person who understands the future economic needs of the state and nation and the state's economic development system in meeting those needs.

Each member of the Commission may appoint a designee to function in his or her place and designee appointed by voting members shall have the right to vote.

A director of the Commission shall be appointed by the Governor from a list of three names submitted by the voting members of the Commission. Upon request from the Governor, the Commission shall provide an additional list or lists to select the director from. The lists compiled

by the Commission are not subject to public disclosure. The director may only be dismissed with the approval of a majority of the Commission and the Governor.

The director shall serve as the chief executive officers of the Commission. The director may employ such personnel as may be necessary to implement the duties and powers of the Commission. Subject to the approval of the Commission, the director shall appoint necessary deputy and assistant directors and other staff who shall be exempt from the state civil service law. Other staff may be employed by the director to ensure the proper discharge of the functions of the Commission. The director may utilize the staff of existing operating agencies to the fullest extent possible. The director may not also serve as the chair of the Commission.

The duties of the Commission are changed. First, the Commission must concentrate its major efforts on planning, coordination, evaluation, policy analysis, and recommending improvements to the state's economic development system. Second, the Commission must: develop and maintain on a biennial basis a state comprehensive plan for economic development, including but not limited to goals, objectives, and priorities for the state economic development system; identify the elements local associate development organizations must include in their countywide economic development plans; and review the state system for consistency with the state comprehensive plan. Third, the Commission must establish and maintain an inventory of programs of the state economic development system and related state programs; perform a biennial assessment of the ongoing and strategic economic development needs of the state; and assess the extent to which the economic development system and related programs represent a consistent, coordinated, and integrated approach to meet such needs.

In addition, the Commission must monitor for consistency with the state comprehensive plan for economic development the policies and plans established for business and technical assistance, export assistance, infrastructure development. The Commission must also work with the Workforce Training and Education Coordinating Board to ensure the alignment of the state comprehensive plan for economic development with the state comprehensive plan for workforce training and education. The Commission must review and make recommendations to the Office of Financial Management (OFM) and the Legislature on budget requests and legislative proposals relating to the state economic development system for the purposes of consistency with the state comprehensive plan for economic development.

The Commission is charged with providing coordination among the different agencies, organizations and components of the state economic development system at the state and regional levels. Also, the Commission must advocate for the state economic development system and for meeting the needs of industry associations, industry clusters, businesses, and employees. The Commission must develop a consistent and reliable database on participation rates, costs, program activities, and outcomes from publicly funded economic development programs in the state. In addition, the Commission must establish standards for data collection and maintenance for providers in the economic development system in a format that is accessible to use by the Commission. A minimum common core data to be collected shall be required by each entity providing economic development services with public funds. The minimum common core data requirements shall be developed in consultation with the Economic Climate Council, the OFM, and the providers of economic development services.

In addition, the Commission shall establish minimum common standards and metrics for program evaluations of economic development programs and monitor such program evaluations. Every two years, the Commission must administer scientifically based outcome evaluation of the state economic development system. The Commission also shall provide for effectiveness and efficiency reviews of the state economic development system.

The Commission shall participate in the development of coordination criteria for business recruitment, expansion and retention activities carried out by the DCTED and related programs and services by local economic development entities. Also, the Commission shall evaluate proposals and make recommendations for expenditures from the Economic Development Strategic Reserve Account.

Finally, the Commission must produce a biennial report to the Governor and the Legislature on the progress by the Commission in coordinating the state's economic development system and meeting their other obligations and duties. The report may include any recommendations for statutory changes necessary to enhance the operational efficiencies and improve coordination.

The restriction that the Commission must receive necessary staff support from the DCTED and other appropriate state agencies within existing resources is removed.

**Appropriation:** None.

**Fiscal Note:** Requested on March 13, 2007.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.