

**HB 1916** - S COMM AMD

By Committee on Economic Development, Trade & Innovation

ADOPTED 04/12/2011

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330  
4 RCW to read as follows:

5 In carrying out its responsibilities under RCW 43.330.060 and  
6 43.330.080, the department must establish protocols to be followed by  
7 associate development organizations and department staff for the  
8 recruitment and retention of businesses. The protocols must specify  
9 the circumstances under which an associate development organization is  
10 required to notify the department of its business recruitment and  
11 retention efforts and when the department must notify the associate  
12 development organization of its business recruitment and retention  
13 efforts. The protocols established may not require the release of  
14 proprietary information or the disclosure of information that a client  
15 company has requested remain confidential. The department must require  
16 compliance with the protocols in its contracts with associate  
17 development organizations.

18 **Sec. 2.** RCW 43.330.080 and 2009 c 151 s 10 are each amended to  
19 read as follows:

20 In carrying out its obligations under RCW 43.330.070, the  
21 department ((shall)) must provide business services training to and  
22 contract with county-designated associate development organizations to  
23 increase the support for and coordination of community and economic  
24 development services in communities or regional areas. The business  
25 services training provided to the organizations contracted with must  
26 include, but need not be limited to, training in the fundamentals of  
27 export assistance and the services available from private and public  
28 export assistance providers in the state. The organizations contracted  
29 within each community or regional area ((shall)) must work closely with

1 the department to carry out state-identified economic development  
2 priorities and must be broadly representative of community and economic  
3 interests. The organization (~~shall~~) must be capable of identifying  
4 key economic and community development problems, developing appropriate  
5 solutions, and mobilizing broad support for recommended initiatives.  
6 The contracting organization (~~shall~~) must work with and include local  
7 governments, local chambers of commerce, workforce development  
8 councils, port districts, labor groups, institutions of higher  
9 education, community action programs, and other appropriate private,  
10 public, or nonprofit community and economic development groups. The  
11 scope of services delivered under these contracts (~~shall~~) must  
12 include two broad areas of work:

13 (1) Direct assistance, including business planning, to companies  
14 throughout the county who need support to stay in business, expand, or  
15 relocate to Washington from out of state or other countries.  
16 Assistance must comply with business recruitment and retention  
17 protocols established in section 1 of this act, and includes:

18 (a) Working with the appropriate partners throughout the county,  
19 including but not limited to, local governments, workforce development  
20 councils, port districts, community and technical colleges and higher  
21 education institutions, export assistance providers, the Washington  
22 manufacturing services, the Washington state quality award council,  
23 small business assistance programs, and other federal, state, and local  
24 programs to facilitate the alignment of planning efforts and the  
25 seamless delivery of business support services (~~in the~~) within the  
26 entire county;

27 (b) Providing information on state and local permitting processes,  
28 tax issues, export assistance, and other essential information for  
29 operating, expanding, or locating a business in Washington;

30 (c) Marketing Washington and local areas as excellent locations to  
31 expand or relocate a business and positioning Washington as a globally  
32 competitive place to grow business, which may include developing and  
33 executing regional plans to attract companies from out of state;

34 (d) Working with businesses on site location and selection  
35 assistance;

36 (e) Providing business retention and expansion services throughout  
37 the county, including business outreach and monitoring efforts to

1 identify and address challenges and opportunities faced by businesses;  
2 (~~and~~)

3 (f) Participating in economic development system-wide discussions  
4 regarding gaps in business start-up assistance in Washington; and

5 (g) Providing or facilitating the provision of export assistance  
6 through workshops or one-on-one assistance; and

7 (2) Support for regional economic research and regional planning  
8 efforts to implement target industry sector strategies and other  
9 economic development strategies, including cluster-based strategies,  
10 that support increased living standards and increase foreign direct  
11 investment throughout Washington. Activities include:

12 (a) Participation in regional planning efforts with workforce  
13 development councils involving coordinated strategies around workforce  
14 development and economic development policies and programs.  
15 Coordinated planning efforts (~~shall~~) must include, but not be limited  
16 to, assistance to industry clusters in the region;

17 (b) Participation between the contracting organization and the  
18 state board for community and technical colleges as created in RCW  
19 28B.50.050, and any community and technical colleges in providing for  
20 the coordination of the job skills training program and the customized  
21 training program within its region;

22 (c) Collecting and reporting data as specified by the contract with  
23 the department for statewide systemic analysis. The department  
24 (~~shall~~) must consult with the Washington state economic development  
25 commission in the establishment of such uniform data as is needed to  
26 conduct a statewide systemic analysis of the state's economic  
27 development programs and expenditures. In cooperation with other  
28 local, regional, and state planning efforts, contracting organizations  
29 may provide insight into the needs of target industry clusters,  
30 business expansion plans, early detection of potential relocations or  
31 layoffs, training needs, and other appropriate economic information;

32 (d) In conjunction with other governmental jurisdictions and  
33 institutions, participate in the development of a countywide economic  
34 development plan, consistent with the state comprehensive plan for  
35 economic development developed by the Washington state economic  
36 development commission.

1       **Sec. 3.** RCW 43.330.082 and 2009 c 518 s 15 are each amended to  
2 read as follows:

3       (1)(a) Contracting associate development organizations (~~shall~~)  
4 must provide the department with measures of their performance. Annual  
5 reports (~~shall~~) must include information on the impact of the  
6 contracting organization on employment, wages, tax revenue, and capital  
7 investment. Specific measures (~~shall~~) must be developed in the  
8 contracting process between the department and the contracting  
9 organization every two years. Except as provided in (b) of this  
10 subsection, performance measures should be consistent across regions to  
11 allow for statewide evaluation.

12       (b) In addition to the measures required in (a) of this subsection,  
13 contracting associate development organizations in counties with a  
14 population greater than one million five hundred thousand persons must  
15 include the following measures in reports to the department:

16       (i) The number of small businesses that received retention and  
17 expansion services, and the outcome of those services.

18       (ii) The number of businesses located outside of the boundaries of  
19 the largest city within the contracting associate development  
20 organization's region that received recruitment, retention, and  
21 expansion services, and the outcome of those services.

22       (2)(a) The department and contracting organizations (~~shall~~) must  
23 agree upon specific target levels for the performance measures in  
24 subsection (1) of this section. Comparison of agreed thresholds and  
25 actual performance (~~shall~~) must occur annually.

26       (b) Contracting organizations that fail to achieve the agreed  
27 performance targets in more than one-half of the agreed measures  
28 (~~shall~~) must develop remediation plans to address performance gaps.  
29 The remediation plans (~~shall~~) must include revised performance  
30 thresholds specifically chosen to provide evidence of progress in  
31 making the identified service changes.

32       (c) Contracts and state funding (~~shall~~) must be terminated for  
33 one year for organizations that fail to achieve the agreed upon  
34 progress toward improved performance defined under (b) of this  
35 subsection. During the year in which termination for nonperformance is  
36 in effect, organizations (~~shall~~) must review alternative delivery  
37 strategies to include reorganization of the contracting organization,  
38 merging of previous efforts with existing regional partners, and other

1 specific steps toward improved performance. At the end of the period  
2 of termination, the department may contract with the associate  
3 development organization or its successor as it deems appropriate.

4 (3) The department (~~shall~~) must report to the legislature and the  
5 Washington economic development commission by December 31st of each  
6 even-numbered year on the performance results of the contracts with  
7 associate development organizations.

8 **Sec. 4.** RCW 43.330.010 and 2009 c 565 s 2 are each amended to read  
9 as follows:

10 Unless the context clearly requires otherwise, the definitions in  
11 this section apply throughout this chapter.

12 (1) "Associate development organization" means a local economic  
13 development nonprofit corporation that is broadly representative of  
14 community interests.

15 (2) "Department" means the department of commerce.

16 (3) "Director" means the director of the department of commerce.

17 (4) "Financial institution" means a bank, trust company, mutual  
18 savings bank, savings and loan association, or credit union authorized  
19 to do business in this state under state or federal law.

20 (5) "Microenterprise development organization" means a community  
21 development corporation, a nonprofit development organization, a  
22 nonprofit social services organization or other locally operated  
23 nonprofit entity that provides services to low-income entrepreneurs.

24 (6) "Small business" has the same meaning as provided in RCW  
25 39.29.006.

26 (7) "Statewide microenterprise association" means a nonprofit  
27 entity with microenterprise development organizations as members that  
28 serves as an intermediary between the department of commerce and local  
29 microenterprise development organizations."

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1        On page 1, line 2 of the title, after "organizations;" strike the  
2 remainder of the title and insert "amending RCW 43.330.080, 43.330.082,  
3 and 43.330.010; and adding a new section to chapter 43.330 RCW."

EFFECT:        Requires the department to train ADOs in export assistance and requires ADOs to provide or facilitate export assistance through workshops or one-on-one assistance.

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