
SECOND SUBSTITUTE SENATE BILL 5995

State of Washington

60th Legislature

2007 Regular Session

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

READ FIRST TIME 03/05/07.

1 AN ACT Relating to the economic development commission; amending
2 RCW 43.162.005, 43.162.010, 43.162.020, and 43.162.030; and adding a
3 new section to chapter 43.162 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.162.005 and 2003 c 235 s 1 are each amended to read
6 as follows:

7 The legislature finds that Washington's innovation and trade-driven
8 economy has provided tremendous opportunities for citizens of the
9 state, but that there is no guarantee that globally competitive firms
10 will continue to grow and locate in the state. The current economic
11 development system is fragmented among numerous programs, councils,
12 centers, and organizations with inadequate overall coordination and
13 insufficient guidance built into the system to ensure that the system
14 is responsive to its customers. The current economic development
15 system's data-gathering and evaluation methods are inconsistent and
16 unable to provide adequate information for determining how well the
17 system is performing on a regular basis so the system may be held
18 accountable for its outcomes.

1 The legislature also finds that developing ~~((an effective))~~ a
2 comprehensive economic development ~~((strategy for the state and~~
3 ~~operating))~~ strategic plan to guide the operation of effective economic
4 development programs, including workforce training, infrastructure
5 development, small business assistance, technology transfer, and export
6 assistance, ~~((are))~~ is vital to the state's efforts to increase the
7 competitiveness of state businesses, encourage employment growth,
8 increase state revenues, and generate economic well-being. ~~((In~~
9 ~~addition, the legislature finds that))~~ There is a need for responsive
10 and consistent involvement of the private sector in the state's
11 economic development efforts. It is the intent of the legislature to
12 create an economic development commission that will ~~((develop and~~
13 ~~update the state's economic development strategy and performance~~
14 ~~measures and provide advice to and oversight of the department of~~
15 ~~community, trade, and economic development))~~ provide planning,
16 coordination, evaluation, monitoring, and policy analysis and
17 development for the state economic development system as a whole, and
18 advice to the governor and legislature concerning the state economic
19 development system.

20 **Sec. 2.** RCW 43.162.010 and 2003 c 235 s 2 are each amended to read
21 as follows:

22 (1) The Washington state economic development commission is
23 established ~~((to oversee the economic development strategies and~~
24 ~~policies of the department of community, trade, and economic~~
25 ~~development))~~ as a state agency.

26 (2)(a) The Washington state economic development commission shall
27 consist of ~~((at least seven and no more than nine))~~ eleven voting
28 members appointed by the governor with the consent of the senate as
29 follows: Six representatives of the private sector, one representative
30 of labor, one representative of port districts, two representatives of
31 institutions of higher education, and one representative of associate
32 development organizations. The director of the department of
33 community, trade, and economic development, the director of the
34 workforce training and education coordinating board, the commissioner
35 of the employment security department, and the chairs of the standing
36 committees of the house of representatives and the senate overseeing

1 economic development policies shall serve as nonvoting ex officio
2 members.

3 The chair of the commission shall be a nonvoting member selected by
4 the governor with the consent of the senate, and shall serve at the
5 pleasure of the governor. In selecting the chair, the governor shall
6 seek a person who understands the future economic needs of the state
7 and nation and the role the state's economic development system has in
8 meeting those needs. Each member of the commission may appoint a
9 designee to function in his or her place and designees appointed by a
10 voting member shall have the right to vote.

11 (b) In making the appointments, the governor shall consult with
12 organizations that have an interest in economic development, including,
13 but not limited to, industry associations, labor organizations,
14 minority business associations, economic development councils, chambers
15 of commerce, port associations, tribes, and the chairs of the
16 legislative committees with jurisdiction over economic development.

17 (c) The members shall be representative of the geographic regions
18 of the state, including eastern and central Washington, as well as
19 represent the ethnic diversity of the state. ~~((Representation shall~~
20 ~~derive primarily from the)) Private sector(~~(, including, but not~~~~
21 ~~limited to,)) members shall represent existing and emerging industries,
22 small businesses, women-owned businesses, and minority-owned
23 businesses(~~(, but other sectors of the economy that have experience in~~~~
24 ~~economic development, including labor organizations and nonprofit~~
25 ~~organizations, shall be represented as well. A minimum of seventy five~~
26 ~~percent of the members shall represent the private sector)). Members~~
27 of the commission shall serve statewide interests while preserving
28 their diverse perspectives, and shall be recognized leaders in their
29 fields with demonstrated experience in economic development or
30 disciplines related to economic development.

31 (3) Members appointed by the governor shall serve at the pleasure
32 of the governor for three-year terms(~~(, except that through June 30,~~
33 ~~2004, members currently serving on the economic development commission~~
34 ~~created by executive order may continue to serve at the pleasure of the~~
35 ~~governor. Of the initial members appointed to serve after June 30,~~
36 ~~2004, two members shall serve one year terms, three members shall serve~~
37 ~~two year terms, and the remainder of the commission members shall serve~~
38 ~~three year terms)).~~

1 (4) (~~The commission chair shall be selected from among the~~
2 ~~appointed members by the majority vote of the members.~~

3 ~~(5))~~ The commission may establish committees as it desires, and
4 may invite nonmembers of the commission to serve as committee members.

5 (5) The director of the commission shall be appointed by the
6 governor from a list of three names submitted by the voting members of
7 the commission. The governor may request, and the commission shall
8 provide, an additional list or lists from which the governor shall
9 select the director. The lists compiled by the commission may not be
10 subject to public disclosure. The governor may dismiss the director
11 only with the approval of a majority vote of the commission. The
12 commission, by a majority vote, may dismiss the director with the
13 approval of the governor.

14 (6) The commission may adopt rules for its own governance.

15 NEW SECTION. Sec. 3. A new section is added to chapter 43.162 RCW
16 to read as follows:

17 (1) The director shall serve as chief executive officer of the
18 commission who shall administer the provisions of this chapter, employ
19 such personnel as may be necessary to implement the purposes of this
20 chapter, and utilize staff of existing operating agencies to the
21 fullest extent possible.

22 (2) The director may not be the chair of the commission.

23 (3) Subject to the approval of the commission, the director shall
24 appoint necessary deputy and assistant directors and other staff who
25 shall be exempt from the provisions of chapter 41.06 RCW. The
26 director's appointees shall serve at the director's pleasure on such
27 terms and conditions as the director determines but subject to chapter
28 42.52 RCW.

29 (4) The director shall appoint and employ such other employees as
30 may be required for the proper discharge of the functions of the
31 commission.

32 **Sec. 4.** RCW 43.162.020 and 2003 c 235 s 3 are each amended to read
33 as follows:

34 The Washington state economic development commission shall
35 (~~perform the following duties:~~

1 ~~(1) Review and periodically update the state's economic development~~
2 ~~strategy, including implementation steps, and performance measures, and~~
3 ~~perform an annual evaluation of the strategy and the effectiveness of~~
4 ~~the state's laws, policies, and programs which target economic~~
5 ~~development;~~

6 ~~(2) Provide policy, strategic, and programmatic direction to the~~
7 ~~department of community, trade, and economic development regarding~~
8 ~~strategies to:~~

9 ~~(a) Promote business retention, expansion, and creation within the~~
10 ~~state;~~

11 ~~(b) Promote the business climate of the state and stimulate~~
12 ~~increased national and international investment in the state;~~

13 ~~(c) Promote products and services of the state;~~

14 ~~(d) Enhance relationships and cooperation between local~~
15 ~~governments, economic development councils, federal agencies, state~~
16 ~~agencies, and the legislature;~~

17 ~~(e) Integrate economic development programs, including work force~~
18 ~~training, technology transfer, and export assistance; and~~

19 ~~(f) Make the funds available for economic development purposes more~~
20 ~~flexible to meet emergent needs and maximize opportunities;~~

21 ~~(3) Identify policies and programs to assist Washington's small~~
22 ~~businesses;~~

23 ~~(4) Assist the department of community, trade, and economic~~
24 ~~development with procurement and deployment of private funds for~~
25 ~~business development, retention, expansion, and recruitment as well as~~
26 ~~other economic development efforts;~~

27 ~~(5) Meet with the chairs and ranking minority members of the~~
28 ~~legislative committees from both the house of representatives and the~~
29 ~~senate overseeing economic development policies; and~~

30 ~~(6) Make a biennial report to the appropriate committees of the~~
31 ~~legislature regarding the commission's review of the state's economic~~
32 ~~development policy, the commission's recommendations, and steps taken~~
33 ~~by the department of community, trade, and economic development to~~
34 ~~implement the recommendations. The first report is due by December 31,~~
35 ~~2004)):~~

36 (1) Concentrate its major efforts on planning, coordination,
37 evaluation, policy analysis, and recommending improvements to the
38 state's economic development system;

1 (2) Develop and maintain on a biennial basis a state comprehensive
2 plan for economic development, including but not limited to goals,
3 objectives, and priorities for the state economic development system;
4 identify the elements local associate development organizations must
5 include in their countywide economic development plans; and review the
6 state system for consistency with the state comprehensive plan. In
7 developing the state comprehensive plan for economic development, the
8 commission shall use, but may not be limited to: Economic, labor
9 market, and populations trend reports in office of financial management
10 forecasts; the annual state economic climate report prepared by the
11 economic climate council; joint office of financial management and
12 employment security department labor force, industry employment, and
13 occupational forecasts; the results of scientifically based outcome
14 evaluations; the needs of industry associations, industry clusters,
15 businesses, and employees as evidenced in formal surveys and other
16 input;

17 (3) Establish and maintain an inventory of the programs of the
18 state economic development system and related state programs; perform
19 a biennial assessment of the ongoing and strategic economic development
20 needs of the state; and assess the extent to which the economic
21 development system and related programs represent a consistent,
22 coordinated, and integrated approach to meet such needs;

23 (4)(a) Monitor for consistency with the state comprehensive plan
24 for economic development the policies and plans established for:

25 (i) Business and technical assistance by the small business
26 development center, the Washington manufacturing service, the
27 Washington technology center, associate development organizations, the
28 department of community, trade, and economic development, and the
29 office of minority and women-owned business enterprises;

30 (ii) Export assistance by the small business export finance
31 assistance center, the international marketing program for agricultural
32 commodities and trade, the department of agriculture, the center for
33 international trade in forest products, associate development
34 organizations, and the department of community, trade, and economic
35 development; and

36 (iii) Infrastructure development by the department of community,
37 trade, and economic development and the department of transportation;

1 (b) Work with the workforce training and education coordinating
2 board to ensure alignment of the state comprehensive plan for economic
3 development with the state comprehensive plan for workforce training
4 and education; and

5 (c) Review and make recommendations to the office of financial
6 management and the legislature on budget requests and legislative
7 proposals relating to the state economic development system for
8 purposes of consistency with the state comprehensive plan for economic
9 development;

10 (5) Provide for coordination among the different agencies,
11 organizations, and components of the state economic development system
12 at the state level and at the regional level;

13 (6) Advocate for the state economic development system and for
14 meeting the needs of industry associations, industry clusters,
15 businesses, and employees;

16 (7) Develop a consistent and reliable database on participation
17 rates, costs, program activities, and outcomes from publicly funded
18 economic development programs in this state;

19 (8) Establish standards for data collection and maintenance for
20 providers in the economic development system in a format that is
21 accessible to use by the commission. The commission shall require a
22 minimum of common core data to be collected by each entity providing
23 economic development services with public funds and shall develop
24 requirements for minimum common core data in consultation with the
25 economic climate council, the office of financial management, and the
26 providers of economic development services;

27 (9) Establish minimum common standards and metrics for program
28 evaluation of economic development programs, and monitor such program
29 evaluations;

30 (10) Every two years administer scientifically based outcome
31 evaluations of the state economic development system including, but not
32 limited to, surveys of industry associations, industry cluster
33 associations, and businesses served by publicly funded economic
34 development programs; matches with employment security department
35 payroll and wage files; and matches with department of revenue tax
36 files;

37 (11) Provide for effectiveness and efficiency reviews of the state
38 economic development system;

1 (12) Participate in the development of coordination criteria for
2 business recruitment, expansion and retention activities carried out by
3 the department of community, trade, and economic development, and
4 related programs and services provided by local economic development
5 entities such as ports, associate development organizations, and
6 chambers of commerce;

7 (13) Evaluate proposals for expenditure from the economic
8 development strategic reserve account and recommend expenditures from
9 the account; and

10 (14) Produce a biennial report to the governor and the legislature
11 on progress by the commission in coordinating the state's economic
12 development system and meeting the other obligations of this chapter,
13 as well as include recommendations for any statutory changes necessary
14 to enhance operational efficiencies or improve coordination.

15 The commission may delegate to the director any of the functions of
16 this section.

17 **Sec. 5.** RCW 43.162.030 and 2003 c 235 s 4 are each amended to read
18 as follows:

19 ~~((1) The Washington state economic development commission shall~~
20 ~~receive the necessary staff support from the staff resources of the~~
21 ~~governor, the department of community, trade, and economic development,~~
22 ~~and other state agencies as appropriate, and within existing resources~~
23 ~~and operations.~~

24 (2)) Creation of the Washington state economic development
25 commission shall not be construed to modify any authority or budgetary
26 responsibility of the governor or the department of community, trade,
27 and economic development.

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