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SENATE BILL 5995

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State of Washington                      60th Legislature                      2007 Regular Session

By Senators Kastama, Zarelli, Kilmer, Clements, Kauffman, Shin, Pridemore, Regala, Fairley, Brown, Jacobsen and Rasmussen

Read first time 02/12/2007. Referred to Committee on Economic Development, Trade & Management.

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; adding a new  
3 section to chapter 43.162 RCW; and making appropriations.

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))~~ ten voting members  
28 appointed by the governor with the consent of the senate as follows:  
29 Six representatives of the private sector, one representative of labor,  
30 one representative of port districts, one representative 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, and the chairs of  
35 the standing committees of the house of representatives and the senate  
36 overseeing economic development policies shall serve as nonvoting ex  
37 officio members.

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

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

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

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

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

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

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

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

13       **NEW SECTION. Sec. 3.** A new section is added to chapter 43.162 RCW  
14 to read as follows:

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

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

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

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

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

32       The Washington state economic development commission shall  
33 ~~((perform the following duties:~~

34       ~~(1) Review and periodically update the state's economic development~~  
35 ~~strategy, including implementation steps, and performance measures, and~~

1 ~~perform an annual evaluation of the strategy and the effectiveness of~~  
2 ~~the state's laws, policies, and programs which target economic~~  
3 ~~development;~~

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

7 ~~(a) Promote business retention, expansion, and creation within the~~  
8 ~~state;~~

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

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

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

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

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

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

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

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

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

34 (1) Concentrate its major efforts on planning, coordination,  
35 evaluation, policy analysis, and recommending improvements to the  
36 state's training system;

37 (2) Develop and maintain a state comprehensive plan for economic  
38 development, including but not limited to goals, objectives, and

1 priorities for the state economic development system, and review the  
2 state system for consistency with the state comprehensive plan. In  
3 developing the state comprehensive plan for economic development, the  
4 commission shall use, but may not be limited to: Economic, labor  
5 market, and populations trend reports in office of financial management  
6 forecasts; the annual state economic climate report prepared by the  
7 economic climate council; joint office of financial management and  
8 employment security department labor force, industry employment, and  
9 occupational forecasts; the results of scientifically based outcome,  
10 net-impact, and cost-benefit evaluations; the needs of industry  
11 associations, industry clusters, businesses, and employees as evidenced  
12 in formal surveys and other input;

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

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

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

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

32 (b) Work with the workforce training and education coordinating  
33 board to ensure alignment of the state comprehensive plan for economic  
34 development with the state comprehensive plan for workforce training  
35 and education; and

36 (c) Review and make recommendations to the office of financial  
37 management and the legislature on budget requests and legislative

1 proposals relating to the state economic development system for  
2 purposes of consistency with the state comprehensive plan for economic  
3 development;

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

7 (6) Advocate for the state economic development system and for  
8 meeting the needs of industry associations, industry clusters,  
9 businesses, and employees;

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

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

21 (9) Establish minimum common standards and metrics for program  
22 evaluation of economic development programs, and monitor such program  
23 evaluations;

24 (10) Every two years administer scientifically based outcome  
25 evaluations of the state economic development system including, but not  
26 limited to, surveys of industry associations, industry cluster  
27 associations, and businesses served by publicly funded economic  
28 development programs; matches with employment security department  
29 payroll and wage files; and matches with department of revenue tax  
30 files. Every five years administer scientifically based net-impact and  
31 cost-benefit evaluations of the state economic development system;

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

34 (12) Participate in the development of coordination criteria for  
35 business recruitment, expansion and retention activities carried out by  
36 the department of community, trade, and economic development, and  
37 related programs and services provided by local economic development

1 entities such as ports, associate development organizations, and  
2 chambers of commerce;

3 (13) Facilitate the development of school-to-work transition  
4 programs that combine classroom education and on-the-job training in  
5 high demand industries and occupations which evidence a gap between the  
6 need for skilled workers and the supply available from state education  
7 and training programs; and

8 (14) Evaluate proposals for expenditure from the economic  
9 development strategic reserve account and recommend expenditures from  
10 the account.

11 The commission may delegate to the director any of the functions of  
12 this section.

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

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

20 (+2)) Creation of the Washington state economic development  
21 commission shall not be construed to modify any authority or budgetary  
22 responsibility of the governor or the department of community, trade,  
23 and economic development.

24 NEW SECTION. Sec. 6. (1) The sum of six hundred thousand dollars,  
25 or as much thereof as may be necessary, is appropriated for the fiscal  
26 year ending June 30, 2008, from the economic development strategic  
27 reserve account created under RCW 43.330.250 to the economic  
28 development commission for the purposes of this act.

29 (2) The sum of eight hundred thousand dollars, or as much thereof  
30 as may be necessary, is appropriated for the fiscal year ending June  
31 30, 2009, from the economic development strategic reserve account  
32 created under RCW 43.330.250 to the economic development commission for  
33 the purposes of this act.

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