
Community & Economic Development & Trade Committee

2SSB 6515

Brief Description: Refocusing the department of commerce, including transferring programs.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Kilmer and Shin; by request of Washington State Department of Commerce).

Brief Summary of Second Substitute Bill

- Directs the transfer of ten programs and activities currently within the Department of Commerce (Department) to other state agencies.
- Requires the Department to provide business and economic development services primarily through sector-, cluster- and regionally-based organizations.
- For the remaining programs that the Department has identified as appropriate for transfer, requires the Department to prioritize their placement in a separate division and recommend mechanisms for their future organization and operations to appropriate legislative committees and the Governor by December 1, 2010.
- Requires the Department to examine the agricultural commodity commission model as a means for other industries to self-finance activities, and to report recommendations to the Governor and the Legislature by December 1, 2010.
- Requires the Department, with guidance of an advisory committee, to develop an updated state energy strategy and implementation report every five years beginning December 1, 2010, and requires the Legislature to approve or recommend changes to the initial strategy and subsequent updates by concurrent resolution.

Hearing Date: 2/17/10, 2/17/10

Staff: Meg Van Schoorl (786-7105).

Background:

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.

The Department of Community, Trade and Economic Development.

The Department of Community, Trade and Economic Development (DCTED) was created in 1994 through the consolidation of the Department of Community Development and the Department of Trade and Economic Development. The DCTED was responsible for promoting community and economic development statewide by assisting communities to increase their economic vitality and the quality of their citizen's lives, and assisting the state's businesses to maintain and increase their economic competitiveness while maintaining a healthy environment.

The Department of Commerce.

In 2009 legislation was enacted to create a state Department of Commerce (Department) as a successor agency to the DCTED. While the legislation did include sections changing the DCTED's name in many statutes, it did not contain policy decisions regarding the future of programs within the Department. Instead, the legislation directed the Department to consult with a broad range of stakeholders statewide and develop, by November 1, 2009, a report for the Governor and legislative committees.

That report was to include analysis and recommendations for statutory changes that would ensure that the Department would feature, among other elements: a concise core mission, accountability, leveraged resources, maximized partnerships, and increased local capacity building. The report was also to include recommendations for creating or consolidating programs important to meeting the Department's core mission, and for terminating or transferring programs that were inconsistent with the core mission. The Department produced the required report and submitted an agency request bill and budget to advance its policy and fiscal recommendations.

Agricultural Commodity Commissions.

There are 24 agricultural commodity commissions in Washington. Examples include the Washington Apple Commission, the Asparagus Commission, and the Wine Commission. Agricultural commodity commissions are agencies of state government. Each is governed by a board of directors made up of growers and overseen by the director of the Washington State Department of Agriculture. Agricultural commodity commissions are formed primarily to engage in research and marketing for their specific commodity. Under statutory authority, commissions collect a mandatory assessment levied against all commodity shipments at a rate established through grower referenda.

Industry Sectors and Clusters.

In its 2008 report "Skills for the Next Washington," the Workforce Training and Education Coordinating Board describes and differentiates industry sectors from clusters. A sector is a group of firms with similar business products, services, or processes. Examples are aerospace, agriculture, and marine services. A cluster is a geographically concentrated, inter-related group of firms and other entities that do business with each other. The wine industry cluster in Walla Walla, for example, includes wineries, grape growers, banks, restaurants, hotels, and the community college's enology and viticulture programs.

Summary of Bill:

Findings, Mission, Direction (Sections 1-5).

The Department's mission is to grow and improve jobs and facilitate innovation. The Department is to provide business assistance and economic development services through sector-based, cluster-based and regional partners rather than by providing assistance directly to individual firms.

The Department is directed to examine agricultural commodity commissions as a model for other industries to self-finance activities such as workforce training, international marketing, quality improvement, and technology deployment. By December 1, 2010, the Department must report to the Governor and Legislature with findings and proposed legislation developed in collaboration with industry sector and cluster associations.

The Department is directed to prioritize placing in a separate division those programs that remain in the Department but are appropriate for transfer to a different agency. The Department is to examine operating options for such a division, including whether it could operate as a separate agency, and make recommendations for legislation to appropriate committees of the Legislature and the Governor by December 1, 2010.

Program Transfers and Abolition (Parts I - VIII, Part X and XI).

All powers, duties and functions of the Department pertaining to ten programs are transferred from the Department of Commerce to other state agencies. Each transfer section includes common language regarding transfer of personnel, appropriations, apportionment of budgeted funds, documents, files, office equipment and other tangible property from the Department to the receiving agency.

To the Department of Health (DOH)
County Public Health Assistance
Developmental Disabilities Endowment

To the Department of Social and Health Services (DSHS)
Community Mobilization program
Housing Assistance for Persons with Mental Illness
Independent Youth Housing program

To the Department of Labor and Industries (L&I)
Office of Crime Victims Advocacy, sexual assault services, treatment services for sexually-abused children and their families, the Prostitution Prevention and Intervention Services grant program, and the Treatment for Victims of Sexual Offenders grant program

To the Washington Utilities and Transportation Commission (UTC)
Energy Facility Site Evaluation Council

To the Office of Financial Management (OFM)
Office of the Long-Term Care Ombudsman

To the Criminal Justice Training Commission (CJTC)
Drug Prosecution Assistance program

To the Department of General Administration
State Building Code Council

Policy and planning assistance functions performed by the Department of Commerce remain with it. To the extent funding is provided, the Department of Commerce retains responsibility for developing and implementing a strategic plan for enhancing energy efficiency in and reducing greenhouse gas emissions from homes, buildings, districts, and neighborhoods as well as for developing and recommending a methodology and implementation strategy related to determining an energy performance score for residential buildings.

The Municipal Research Council is abolished and its powers, duties, and functions are transferred to the Department.

State Energy Strategy (Part IX).

Findings and goals are provided relating to: the national and world transition to the clean energy economy; maintaining competitive energy prices; increasing competitiveness by fostering a clean energy economy and jobs; meeting the state's obligations to reduce greenhouse gas emissions; and, aligning the state's governing systems and practices to be the best place to develop, build, and deploy clean technology to serve the world. Twelve state policies related to energy are included. The 1994 statute that lists seven state energy policies is repealed.

By December 1, 2010, and every five years thereafter, the Department must produce a fully updated state energy strategy and implementation report with the guidance of an advisory committee. The advisory committee is to be appointed by the Department director to represent a balance of interests, which are described.

The strategy must examine the state's entire energy system to the maximum extent feasible and provide specific recommendations. The report may include recommendations for legislation. The Department must seek in-kind and financial support for the process, must review related processes and documents, and the resulting strategy must be consistent with relevant statutorily-authorized energy and climate policies, goals, and programs.

Following a public hearing on the advisory committee's recommendations for revisions to the strategy, the written report must be produced by the Department and conveyed to the Governor and appropriate legislative committees. The Legislature must, by concurrent resolution, approve or recommend changes to the initial energy strategy and report and the five year updates. The advisory committee must be dissolved within three months of the report being conveyed.

Miscellaneous (Part XII).

The 1967 statute abolishing the State Census Board is decodified.

Commerce staff who administer innovation and policy functions and the EFSEC manager are exempt from civil service.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill takes effect on July 1, 2010.