

SENATE BILL REPORT

SHB 2683

As of February 17, 2010

Title: An act relating to the economic development commission.

Brief Description: Changing provisions relating to the economic development commission.

Sponsors: House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Kenney, Smith, Probst, Maxwell, Ericks, Sullivan, Pettigrew, Kelley, White, Johnson, Hasegawa, Lias, Sells, Nelson and Anderson).

Brief History: Passed House: 2/12/10, 95-0.

Committee Activity: Economic Development, Trade & Innovation: 2/17/10.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Jack Brummel (786-7428)

Background: In 2002 Governor Locke created the Washington Economic Development Commission (Commission) through executive order. The following year the Legislature established the Commission in statute with the stated intent to: have it develop and update the state's economic development strategy and performance measures; and provide advice to and oversight of the Department of Community, Trade and Economic Development, now the Department of Commerce (Department).

In 2007 the Legislature revised the statutory structure, and expanded the policy role and responsibilities of the Commission with a stated intent of having the Commission provide planning, coordination, evaluation, monitoring, and policy analysis and development for the state economic development system as a whole.

The Commission consists of 18 members with 11 voting members and as ex officio non-voting members: the Director of the Department Commerce; the Director of the Workforce Training and Education Coordinating Board; the Commissioner of the Department of Employment Security; and the chairs and ranking minority members of the House and Senate economic development committees. Six of the 11 voting members are from the private sector. The Executive Director of the Commission serves as chief executive officer and is to employ such personnel as are necessary and use staff of existing operating agencies.

The Commission is obligated to develop and maintain a state comprehensive plan for

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economic development and review the state system for consistency with the plan; the plan is to be updated every two years. In addition, the Commission is to:

- establish and maintain an inventory of economic development programs;
- perform a biennial assessment of the economic development needs of the state;
- assess whether the economic development system and programs are consistent, coordinated, and integrated;
- establish standards for data collection and program evaluation;
- administer scientifically-based outcome evaluations of the state economic development system;
- report to the Governor and the Legislature every two years on its progress; and make recommendations for statutory changes as needed.

The Commission may review policies, plans, budget requests, and legislative proposals for consistency with the state comprehensive plan for economic development; provide for coordination at the state and regional level; and advocate for the state economic development system.

The Commission does not have specific authorization to solicit funds from non-state sources.

Summary of Bill: The legislative intent of having the Commission provide planning, coordination, evaluation, monitoring, and policy analysis and development for the state economic development system as a whole is removed and replaced with an intent that the Commission:

- be comprised of business, labor, academic, association, and government leaders; and
- create and update a comprehensive statewide economic development strategy.

The Commission is to consist of 23 members with 19 voting members. Eight of the voting members are to be from the private sector. Provisions related to term limits, staggered terms, vacancies and the chair of the Commission are included. Roles and responsibilities related to budgets, work plans, and fiscal reports are added. The authority to use staff of existing operating agencies is removed. The Executive Director is to report on Commission operational matters solely to the Governor and the Commission.

The Commission must concentrate its major efforts on strategic planning, policy research and analysis, advocacy, evaluation, and promoting coordination and collaboration. A detailed list of Commission duties is removed. Instead, the Commission is directed to follow a general timeline and process for developing a biennial comprehensive statewide economic development strategy and annual updates. The strategy may include components such as: an assessment of the state's economic vitality; a common set of outcomes and benchmarks; and recommendations for expanding, discontinuing, redirecting, or adding programs.

The Commission and the Department of Commerce must jointly develop a memorandum of understanding to establish clear lines of authority and responsibility between them related to budget and administrative services. The Commission must develop a biennial budget request for the Office of Financial Management approval, the Department of Commerce must forward the request along with its budget package, and the Commission must adopt an annual budget and work plan consistent with the legislatively-approved budget.

The Commission is authorized to accept gifts, grants, and other contributions from state and non-state sources. A Commission Account is created in the state treasury into which these contributions must be deposited. Expenditures from the account are subject to appropriation. The Executive Director must use the unanticipated receipts process to request authority from the Office of Financial Management to spend funds that were not anticipated in the legislatively-approved budget.

The Commission must not take an administrative role in service delivery but may conduct outreach activities such as regional forums and seminars. The Commission must evaluate its own performance regularly.

Commission obligations related to establishing standards for data collection, standards and metrics for program evaluation, administration of scientifically based outcome evaluations and evaluations of proposed expenditures from the economic development strategic reserve accounts are removed. Subject to available resources, the Governor or Legislature may direct the Commission to undertake research and policy analysis, assessments, or special projects.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: The Commission addresses how to grow the economy and increase prosperity. The way to grow the economy is to get the private sector innovating and exporting. This bill looks at what the Commission's duties ought to be as it moves forward.

Persons Testifying: Egils Milbergs, Washington Economic Development Commission.