

SENATE BILL REPORT

SB 6515

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 4, 2010
Ways & Means, February 9, 2010

Title: An act relating to refocusing the mission of the department of commerce, including transferring programs.

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

Sponsors: Senators Kastama, Kilmer and Shin; by request of Washington State Department of Commerce.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/27/10, 2/03/10, 2/04/10 [DPS-WM].

Ways & Means: 2/09/10 [DP2S, DNP, w/oRec].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 6515 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6515 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hewitt, Hobbs, Honeyford, Kline, McDermott, Murray, Oemig, Parlette, Pflug and Schoesler.

Minority Report: Do not pass.

Signed by Senator Kohl-Welles.

Minority Report: That it be referred without recommendation.

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.

Signed by Senators Fairley and Regala.

Staff: Richard Ramsey (786-7412)

Background: The Legislature changed the name of the Department of Community, Trade and Economic Development to the Department of Commerce (Department) in 2009 and directed the agency to collaborate with others and make a report with recommendations on statutory changes to ensure that the Department's efforts, among other things:

- organize around a concise core mission;
- align with the state's comprehensive plan for economic development;
- generate greater local capacity to respond to local opportunities and needs;
- maximize results through partnerships and the use of intermediaries; and
- provide increased accountability.

The report was also to include recommendations for creating, consolidating, transferring, or terminating programs based on the Department's core mission.

The Department submitted a report that set forth a mission of growing and improving jobs and outlined program transfers that will help advance its mission.

Summary of Bill (Recommended Second Substitute): The mission of the Department is to grow and improve jobs in Washington and facilitate innovation. The Department is to provide business assistance and economic development services through sector-based, cluster-based, and regional partners. The Department is to examine agricultural commodity commissions as a model for self-financing systems for addressing industry identified needs.

For programs identified by the Department as not fitting its mission, but which have not been transferred, the Department is to:

- prioritize their placement in a separate division;
- examine mechanisms by which the separate division can operate with a semi-autonomous director and policy-making oversight board; and
- examine whether the separate division could operate as a separate agency and the process by which this could best occur.

By December 1, 2010, the Department is to make recommendations to the Legislature and the Governor based on its examinations.

The County Public Health Assistance program and the Developmental Disabilities Endowment Trust are transferred to the Department of Health.

The Community Mobilization program, the Housing Assistance for Persons with Mental Illness Program, and the Independent Youth Housing Program, are transferred to the Department of Social and Health Services.

The Office of Crime Victims Advocacy and related grant and assistance programs are transferred to the Department of Labor and Industries.

The Energy Facility Site Evaluation Council is transferred to the Utilities and Transportation Commission (UTC).

The Office of the State Long-term Care Ombudsman is transferred to the Office of Financial Management.

The State Building Code Council is transferred to the Department of General Administration.

The Drug Prosecution Assistance Program is transferred to the Criminal Justice Training Commission.

The goals of the state's energy strategy are to:

- maintain fair and competitive energy prices;
- increase competitiveness by fostering a clean energy economy and jobs;
- meet the state's obligations to reduce greenhouse gas emissions; and
- align state governing systems to support clean technology.

State policy to meet these goals is established and the Department is to produce an updated state energy strategy and implementation report by December 1, 2010, and every five years thereafter. The Legislature is to approve or recommend changes to the strategy, report and updates by concurrent resolution.

The Municipal Research Council is abolished and the Department is to assume its duties of contracting for municipal research and services to cities, towns, counties, and special purpose districts.

Department staff administering innovation and policy functions are exempt from provisions of the state civil service code.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): Restores current law where the Department may not intervene in regulatory proceedings before the UTC or proceedings of utilities not regulated by the Commission.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended First Substitute): The mission of the Department is to grow and improve jobs in Washington and facilitate innovation. The Department is to provide business assistance and economic development services through sector-based, cluster-based, and regional partners. The Department is to examine agricultural commodity commissions as a model for self-financing systems for addressing industry identified needs.

For programs identified by the Department as not fitting its mission, but which have not been transferred, the Department is to:

- prioritize their placement in a separate division;
- examine mechanisms by which the separate division can operate with a semiautonomous director and policy-making oversight board; and

- examine whether the separate division could operate as a separate agency and the process by which this could best occur.

By December 1, 2010, the Department is to make recommendations to the Legislature and the Governor based on its examinations.

The Office of Crime Victims Advocacy and related grant and assistance programs are transferred to the Department of Labor and Industries. The State Building Code Council is transferred to the Department of General Administration. The Energy Facility Site Evaluation Council is to retain its independence in exercising its mandate.

The goals of the state's energy strategy are to:

- maintain fair and competitive energy prices;
- increase competitiveness by fostering a clean energy economy and jobs;
- meet the state's obligations to reduce greenhouse gas emissions; and
- align state governing systems to support clean technology.

State policy to meet these goals is established and the Department is to produce an updated state energy strategy and implementation report by December 1, 2010, and every five years thereafter. The Legislature is to approve or recommend changes to the strategy, report and updates by concurrent resolution.

The statute prohibiting the Department from intervening in UTC proceedings is amended to allow the filing of amicus curiae briefs.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Economic Development, Trade & Innovation): PRO: We need to focus the agency. The bill requests 11 programs be transferred to achieve better mission alignment. The Department acknowledges some constituents may not want programs to move, but having a clearer focus for the Department is important to the state. Energy represents a critical economic opportunity. We need an updated energy strategy.

CON: Community Mobilization should stay in the Department. Mental Health Housing should stay in the Department. Keep Independent Youth Housing in the Department. The prohibition on intervening should not be repealed. There should be a new office with autonomy, reporting to the Director. The programs that are community based should be in a new department because DSHS is more crisis focused. All housing programs should be kept together.

OTHER: There is concern about transferring employees. There is concern about the process for updating the energy strategy. It needs to be more deliberative and engage the Legislature and the general public - this should not just be an administrative function of the Governor's office. L&I might not be the right place for the Building Codes Council because of a conflict between standards setting and enforcement. The Department of General Administration might be a better home because they have an architecture and engineering division. Moving the Long Term Care Ombudsmen would be a distraction; it could be in a community services division of the Department.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Rogers Weed, Department of Commerce.

CON: Steve Jewell, Safe Streets; Nick Federice, WA Low Income Housing Alliance; Seth Dawson, WA Coalition for the Homeless; Anna Shelton, Resolution WA; Lonnie Johns Brown, WA Coalition of Sexual Assault Programs.

OTHER: Stan Bowman, American Institutes of Architects, WA Council; Kent Lopez, WA Rural Electrical Cooperative Assn.; Alia Griffing, WA Federation of State Employees; Louise Ryan, Long-term Care Ombudsman Program-Multiservice Center.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): CON: DSHS is not equipped to manage community mobilization program.

OTHER: Labor and Industries runs crime victims' compensation -- an insurance program, which is very different from the advocacy work of the OCVA. We recommend OCVA be temporarily housed in Commerce. The Independent Youth Housing Program is for young people who have aged out of foster care -- 18 to 24 years old. In Children's administration this will be neglected as it is not their focus. There will be opportunity costs associated with moving the long-term care ombudsman's office. Encourage keeping in Commerce.

The state needs an updated energy strategy.

Persons Testifying (Ways & Means): CON: Steve Jewell, Safe Streets of Pierce County.

OTHER: Lonnie Johns-Brown, Washington Coalition of Sexual Assault Programs; Kathleen Collins, PacifiCorp; Collins Sprague, AVISTA Corp.; Louise Ryan, Long-Term Care Ombudsman; Laurie Lippold, The Mockingbird Society.