

SENATE BILL REPORT

SB 6790

As of January 29, 2010

Title: An act relating to providing regional economic development services.

Brief Description: Providing regional economic development services.

Sponsors: Senator Kastama.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 2/01/10.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Jack Brummel (786-7428)

Background: Associate development organizations (ADOs) deliver direct assistance to companies, and support research, planning, and implementation of regional and local economic development strategies. The Department of Commerce (Department) currently contracts with 35 ADOs serving the 39 counties in Washington. ADOs are required to participate in coordinated regional planning efforts with workforce development councils, including assistance to regional industry clusters.

An industry cluster is a geographic grouping of interdependent, competitive companies, and their suppliers, and supporting institutions. In 2006 the Legislature directed the Department to work with industry clusters associations and established a competitive grant program for regional cluster strategies. A total of \$264,000 was awarded in 2006 for aerospace, marine services, clean technology, and wine cluster grants. The grant program has not been funded in subsequent bienniums.

The Legislature created the Innovation Partnership Zones (IPZ) program in 2007 to stimulate the growth of industry clusters and to build regional economies. IPZs bring together research, workforce training and globally-competitive companies in close geographic proximity for a cooperative, research-based effort that will lead to new commercially viable products and jobs. The Department is to convene an annual information sharing event for IPZ administrators and other interested parties.

Summary of Bill: Statutory provisions related to ADOs are repealed. The Department is to provide grants for the delivery of economic development services on a regional basis. No

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region may have fewer than 200,000 people. Grant recipients may be a consortium of ADOs or other organizations broadly representative of community and economic interests. No grant recipient may receive more than \$250,000 and none may receive less than \$150,000. Grant recipients must provide a match of at least 50 percent of the grant amount.

Grant recipients are to:

- develop a regional economic development plan consistent with the state comprehensive plan for economic development, and facilitate the alignment of planning efforts;
- provide an inventory of development sites;
- provide expansion and retention services, and assistance to firms seeking to locate in the region;
- notify the department of recruitment efforts, or potential relocation or layoffs involving 25 or more employees; and
- gather data for use in program and system evaluation.

The Department is to develop performance measures and the grant recipients are to report at least annually on their performance. The Department is to provide training to grant recipients to increase economic and community development skill including export assistance skills.

In developing industry cluster-based strategies, the Department is to promote industry cluster involvement in IPZs and in the application process for designation of IPZs. The competitive cluster grant program is changed. It is to integrate sector-based and cluster-based strategies with the development of IPZs.

Appropriation: For the state general fund for the regional grant program: \$2,200,000. For the integration of sector, cluster, and IPZ efforts: \$800,000 (including \$600,000 for grants).

Fiscal Note: Requested on January 29, 2010.

Committee/Commission/Task Force Created: No.

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