
SUBSTITUTE HOUSE BILL 2683

State of Washington

61st Legislature

2010 Regular Session

By House Community & Economic Development & Trade (originally sponsored by Representatives Kenney, Smith, Probst, Maxwell, Ericks, Sullivan, Pettigrew, Kelley, White, Johnson, Hasegawa, Liias, Sells, Nelson, and Anderson)

READ FIRST TIME 02/02/10.

1 AN ACT Relating to the economic development commission; amending
2 RCW 43.162.005, 43.162.010, 43.162.015, 43.162.020, 43.162.025, and
3 43.162.030; and adding a new section to chapter 43.162 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.162.005 and 2007 c 232 s 1 are each amended to read
6 as follows:

7 The legislature finds that ~~((Washington's innovation and trade-~~
8 ~~driven economy has provided tremendous opportunities for citizens of~~
9 ~~the state, but that there is no guarantee that globally competitive~~
10 ~~firms will continue to grow and locate in the state. The current~~
11 ~~economic development system is fragmented among numerous programs,~~
12 ~~councils, centers, and organizations with inadequate overall~~
13 ~~coordination and insufficient guidance built into the system to ensure~~
14 ~~that the system is responsive to its customers. The current economic~~
15 ~~development system's data gathering and evaluation methods are~~
16 ~~inconsistent and unable to provide adequate information for determining~~
17 ~~how well the system is performing on a regular basis so the system may~~
18 ~~be held accountable for its outcomes.~~

1 ~~The legislature also finds that developing a comprehensive economic~~
2 ~~development strategic plan to guide the operation of effective economic~~
3 ~~development programs, including workforce training, infrastructure~~
4 ~~development, small business assistance, technology transfer, and export~~
5 ~~assistance, is vital to the state's efforts to increase the~~
6 ~~competitiveness of state businesses, encourage employment growth,~~
7 ~~increase state revenues, and generate economic well being. There is a~~
8 ~~need for responsive and consistent involvement of the private sector in~~
9 ~~the state's economic development efforts. The legislature finds that~~
10 ~~there is a need for the development of coordination criteria for~~
11 ~~business recruitment, expansion, and retention activities carried out~~
12 ~~by the state and local entities. It is the intent of the legislature~~
13 ~~to create an economic development commission that will provide~~
14 ~~planning, coordination, evaluation, monitoring, and policy analysis and~~
15 ~~development for the state economic development system as a whole, and~~
16 ~~advice to the governor and legislature concerning the state economic~~
17 ~~development system))~~ in order to achieve long-term global
18 competitiveness, prosperity, and economic opportunity for all the
19 state's citizens, Washington state must become the most attractive,
20 creative, and fertile investment environment for innovation in the
21 world.

22 The legislature finds that the state must take a strategic approach
23 to fostering an innovation economy, and that success will be driven by
24 public and private sector leaders who are committed to developing and
25 advocating a shared vision and collaborating across organizational and
26 geographic boundaries.

27 The legislature intends therefore that (1) the Washington economic
28 development commission be comprised of business, labor, academic,
29 association, and government leaders, and (2) the commission's mission
30 be to create and regularly update a comprehensive statewide economic
31 development strategy to guide the state's investments in economic
32 development activities including: Infrastructure, talent and workforce
33 development, technology transfer, trade, access to capital, and
34 entrepreneurship.

35 **Sec. 2.** RCW 43.162.010 and 2007 c 232 s 2 are each amended to read
36 as follows:

37 (1) The Washington state economic development commission is

1 established to (~~oversee the economic development strategies and~~
2 ~~policies of the department of community, trade, and economic~~
3 ~~development~~) assist the governor and legislature by providing
4 leadership, direction, and guidance on a long-term and systematic
5 approach to economic development that will result in enduring global
6 competitiveness, prosperity, and economic opportunity for all the
7 state's citizens.

8 (2)(a) The (~~Washington state economic development~~) commission
9 shall consist of (~~eleven voting~~) twenty-three members. Fifteen of
10 the members shall be voting members appointed by the governor as
11 follows: (~~Six~~) Eight representatives of the private sector, one
12 representative of labor from east of the crest of the Cascade mountains
13 and one representative of labor from west of the crest of the Cascade
14 mountains, one representative of port districts, one representative of
15 four-year state public higher education, one representative (~~for~~) of
16 state community or technical colleges, one representative of nonprofit
17 trade associations engaged in economic development, and one
18 representative of associate development organizations. The nonvoting
19 ex officio members are: The director of the department of (~~community,~~
20 ~~trade, and economic development~~) commerce, the director of the
21 workforce training and education coordinating board, the commissioner
22 of the employment security department, and the secretary of the
23 department of transportation (~~and~~). The voting ex officio members
24 are the chairs and ranking minority members of the standing committees
25 of the house of representatives and the senate overseeing economic
26 development policies (~~shall serve as nonvoting ex officio members~~).

27 (b) Members may not designate alternates, substitutes, or
28 surrogates. However, members may participate in a meeting by
29 conference telephone or similar communications equipment so that all
30 persons participating in the meeting can hear each other at the same
31 time. Participation by that method constitutes presence in person at
32 a meeting.

33 (c) The chair of the commission shall be a voting member (~~selected~~
34 ~~by the governor with the consent of the senate, and shall serve at the~~
35 ~~pleasure of the governor. In selecting the chair, the governor shall~~
36 ~~seek a person who understands the future economic needs of the state~~
37 ~~and nation and the role the state's economic development system has in~~
38 ~~meeting those needs~~) elected by members of the commission to a two-

1 year term. The chair may be reelected to serve additional terms. The
2 chair or vice-chair may not be the director of an executive branch
3 agency or a member of the legislature. A vice-chair shall also be
4 elected by members of the commission and shall exercise the duties of
5 the commission chair in his or her absence.

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

13 ((+e+)) (e) The members shall be representative of the geographic
14 regions of the state, including eastern and central Washington, as well
15 as represent the ethnic diversity of the state. Private sector members
16 shall represent existing and emerging industries, small businesses,
17 women-owned businesses, and minority-owned businesses. Members of the
18 commission shall serve statewide interests while preserving their
19 diverse perspectives, and shall be recognized leaders in their fields
20 with demonstrated experience in economic development, innovation, or
21 disciplines related to economic development.

22 (3) Members appointed by the governor shall serve at the pleasure
23 of the governor for not more than two consecutive three-year terms,
24 except that, as determined by the governor, the terms of four of the
25 appointees on the commission on the effective date of this section
26 expire in 2011, the terms of four of the appointees on the commission
27 on the effective date of this section expire in 2012, and the terms of
28 three of the appointees on the commission on the effective date of this
29 section expire in 2013. Thereafter all terms shall be for three years.
30 Vacancies shall be filled in the same manner as the original
31 appointments.

32 (4) The commission may establish committees as it desires, and may
33 invite nonmembers of the commission to serve as committee members.

34 (5) The executive director of the commission shall be appointed by
35 the governor with the consent of the ((~~voting members of the~~))
36 commission. The salary of the executive director shall be set by the
37 governor with the consent of the commission. The governor may dismiss
38 the executive director only with the approval of a majority vote of the

1 commission. The commission, by a majority vote, may dismiss the
2 executive director with the approval of the governor. The commission
3 shall evaluate the performance of the executive director in a manner
4 consistent with the process used by the governor to evaluate the
5 performance of agency directors.

6 (6) The commission may adopt ~~((rules))~~ policies and procedures for
7 its own governance.

8 (7) As used in this chapter, "commission" means the Washington
9 state economic development commission unless the context clearly
10 requires otherwise.

11 **Sec. 3.** RCW 43.162.015 and 2007 c 232 s 3 are each amended to read
12 as follows:

13 (1) ~~((The commission shall employ an executive director.))~~ The
14 executive director of the commission shall serve as its chief executive
15 officer ~~((of the commission and))~~. Subject to available resources and
16 in accordance with commission direction, the executive director shall:

17 (a) Administer the provisions of this chapter~~((, employ such~~
18 ~~personnel as may be necessary to implement the purposes of this~~
19 ~~chapter, utilize staff of existing operating agencies to the fullest~~
20 ~~extent possible, and employ outside consulting and service agencies~~
21 ~~when appropriate))~~.

22 ~~(2) The executive director may not be the chair of the commission.~~

23 ~~(3) The executive director shall));~~

24 (b) Appoint necessary staff who shall be exempt from the provisions
25 of chapter 41.06 RCW. The executive director's appointees shall serve
26 at the executive director's pleasure on such terms and conditions as
27 the executive director determines but subject to chapter 42.52 RCW~~((-~~

28 ~~(4) The executive director shall));~~

29 (c) Appoint ~~((and employ such other))~~ employees ~~((as may be~~
30 ~~required for the proper discharge of the functions of the commission))~~
31 who shall be subject to the provisions of chapter 41.06 RCW; and

32 (d) Contract with additional persons who have specific technical
33 expertise if needed to carry out a specific, time-limited project.

34 ~~((+5))~~ (2) The executive director shall exercise ~~((such))~~
35 additional ~~((powers))~~ authority, other than rule making, as may be
36 delegated by the commission.

1 (3) The executive director must develop for commission review and
2 approval an annual commission budget and work plan in accordance with
3 the omnibus appropriations bill approved by the legislature, and must
4 present a fiscal report to the commission quarterly for its review and
5 comment.

6 (4) The executive director of the commission shall report solely to
7 the governor and the commissioners on matters pertaining to commission
8 operations.

9 **Sec. 4.** RCW 43.162.020 and 2009 c 151 s 9 are each amended to read
10 as follows:

11 ~~((The Washington state economic development commission shall:~~

12 ~~(1) Concentrate its major efforts on planning, coordination,~~
13 ~~evaluation, policy analysis, and recommending improvements to the~~
14 ~~state's economic development system using, but not limited to, the~~
15 ~~"Next Washington" plan and the global competitiveness council~~
16 ~~recommendations;~~

17 ~~(2) Develop and maintain on a biennial basis a state comprehensive~~
18 ~~plan for economic development, including but not limited to goals,~~
19 ~~objectives, and priorities for the state economic development system;~~
20 ~~identify the elements local associate development organizations must~~
21 ~~include in their countywide economic development plans; and review the~~
22 ~~state system for consistency with the state comprehensive plan. The~~
23 ~~plan shall include the industry clusters in the state and the strategic~~
24 ~~clusters targeted by the commission for economic development efforts.~~
25 ~~The commission shall consult with the workforce training and education~~
26 ~~coordinating board and include labor market and economic information by~~
27 ~~the employment security department in developing the list of clusters~~
28 ~~and strategic clusters that meet the criteria identified by the working~~
29 ~~group convened by the economic development commission and the workforce~~
30 ~~training and education coordinating board under chapter 43.330 RCW. In~~
31 ~~developing the state comprehensive plan for economic development, the~~
32 ~~commission shall use, but may not be limited to: Economic, labor~~
33 ~~market, and populations trend reports in office of financial management~~
34 ~~forecasts; the annual state economic climate report prepared by the~~
35 ~~economic climate council; joint office of financial management and~~
36 ~~employment security department labor force, industry employment, and~~
37 ~~occupational forecasts; the results of scientifically based outcome~~

1 evaluations; the needs of industry associations, industry clusters,
2 businesses, and employees as evidenced in formal surveys and other
3 input;

4 ~~(3) Establish and maintain an inventory of the programs of the~~
5 ~~state economic development system and related state programs; perform~~
6 ~~a biennial assessment of the ongoing and strategic economic development~~
7 ~~needs of the state; and assess the extent to which the economic~~
8 ~~development system and related programs represent a consistent,~~
9 ~~coordinated, efficient, and integrated approach to meet such needs; and~~

10 ~~(4) Produce a biennial report to the governor and the legislature~~
11 ~~on progress by the commission in coordinating the state's economic~~
12 ~~development system and meeting the other obligations of this chapter,~~
13 ~~as well as include recommendations for any statutory changes necessary~~
14 ~~to enhance operational efficiencies or improve coordination.~~

15 ~~The commission may delegate to the executive director any of the~~
16 ~~functions of this section.))~~ (1) The commission shall concentrate its
17 major efforts on strategic planning, policy research and analysis,
18 advocacy, evaluation, and promoting coordination and collaboration.

19 (2)(a) During each regular legislative session, the commission
20 shall consult with appropriate legislative committees about the state's
21 economic development needs and opportunities.

22 (b) By June 15th of each even-numbered year, the commission shall
23 submit to the governor and legislature a biennial comprehensive
24 statewide economic development strategy. The strategy may include:

25 (i) An assessment of the state's economic vitality;

26 (ii) Recommended goals, objectives, and priorities for the next
27 biennium, and the future;

28 (iii) A common set of outcomes and benchmarks for the economic
29 development system as a whole;

30 (iv) Recommendations for removing barriers and promoting
31 collaboration among participants in the innovation ecosystem;

32 (v) An inventory of existing relevant programs compiled by the
33 commission from materials submitted by agencies;

34 (vi) Recommendations for expanding, discontinuing, or redirecting
35 existing programs, or adding new programs; and

36 (vii) Recommendations of best practices and public and private
37 sector roles in implementing the strategy.

1 (3) By June 15th of every odd-numbered year, the commission shall
2 develop and submit to the governor and legislature a written update to
3 the biennial strategic plan.

4 (4) In developing the biennial strategic plan for economic
5 development and the annual update, the commission shall consult,
6 collaborate, and coordinate with relevant state agencies, private
7 sector business, nonprofit organizations involved in economic
8 development, trade associations, and relevant local organizations in
9 order to avoid duplication of effort.

10 (5) State agencies shall cooperate with the commission and provide
11 information as the commission may reasonably request.

12 (6) The commission must develop a biennial budget request for
13 approval by the office of financial management. The department of
14 commerce must forward the commission's budget request to the office of
15 financial management with the department's budget package. The
16 commission must adopt an annual budget and work plan in accordance with
17 the omnibus appropriations bill approved by the legislature.

18 (7)(a) The commission and the department of commerce shall jointly
19 develop and adopt a memorandum of understanding to outline and
20 establish clear lines of authority and responsibility between them
21 related to budget and administrative services.

22 (b) The memorandum of understanding shall not provide any
23 additional grant of authorities to the commission or the department
24 that is not already provided for by statute, nor diminish any
25 authorities or powers granted to either party by statute.

26 (c) Periodically, but not less often than biannually, the
27 commission and department of commerce shall review the memorandum of
28 understanding and, if necessary, recommend changes to the other party.

29 (d) As provided generally under RCW 43.162.015, the executive
30 director of the commission shall report solely to the governor and the
31 commissioners on matters pertaining to commission operations.

32 (8) To maintain its objectivity and concentration on strategic
33 planning, policy research and analysis, and evaluation, the commission
34 shall not take an administrative role in the delivery of services.
35 However, subject to available resources and consistent with its work
36 plan, the commission or the executive director may conduct outreach
37 activities such as regional forums and best practices seminars.

1 (9) The commission must evaluate its own performance on a regular
2 basis.

3 (10) The commission may accept gifts, grants, donations,
4 sponsorships, or contributions from any federal, state, or local
5 governmental agency or program, or any private source, and expend the
6 same for any purpose consistent with this chapter.

7 **Sec. 5.** RCW 43.162.025 and 2007 c 232 s 5 are each amended to read
8 as follows:

9 ~~((Subject to available funds, the Washington state economic~~
10 ~~development commission may:~~

11 ~~(1) Periodically review for consistency with the state~~
12 ~~comprehensive plan for economic development the policies and plans~~
13 ~~established for:~~

14 ~~(a) Business and technical assistance by the small business~~
15 ~~development center, the Washington manufacturing service, the~~
16 ~~Washington technology center, associate development organizations, the~~
17 ~~department of community, trade, and economic development, and the~~
18 ~~office of minority and women owned business enterprises;~~

19 ~~(b) Export assistance by the small business export finance~~
20 ~~assistance center, the international marketing program for agricultural~~
21 ~~commodities and trade, the department of agriculture, the center for~~
22 ~~international trade in forest products, associate development~~
23 ~~organizations, and the department of community, trade, and economic~~
24 ~~development; and~~

25 ~~(c) Infrastructure development by the department of community,~~
26 ~~trade, and economic development and the department of transportation;~~

27 ~~(2) Review and make recommendations to the office of financial~~
28 ~~management and the legislature on budget requests and legislative~~
29 ~~proposals relating to the state economic development system for~~
30 ~~purposes of consistency with the state comprehensive plan for economic~~
31 ~~development;~~

32 ~~(3) Provide for coordination among the different agencies,~~
33 ~~organizations, and components of the state economic development system~~
34 ~~at the state level and at the regional level;~~

35 ~~(4) Advocate for the state economic development system and for~~
36 ~~meeting the needs of industry associations, industry clusters,~~
37 ~~businesses, and employees;~~

1 ~~(5) Identify partners and develop a plan to develop a consistent~~
2 ~~and reliable database on participation rates, costs, program~~
3 ~~activities, and outcomes from publicly funded economic development~~
4 ~~programs in this state by January 1, 2011.~~

5 ~~(a) In coordination with the development of the database, the~~
6 ~~commission shall establish standards for data collection and~~
7 ~~maintenance for providers in the economic development system in a~~
8 ~~format that is accessible to use by the commission. The commission~~
9 ~~shall require a minimum of common core data to be collected by each~~
10 ~~entity providing economic development services with public funds and~~
11 ~~shall develop requirements for minimum common core data in consultation~~
12 ~~with the economic climate council, the office of financial management,~~
13 ~~and the providers of economic development services;~~

14 ~~(b) The commission shall establish minimum common standards and~~
15 ~~metrics for program evaluation of economic development programs, and~~
16 ~~monitor such program evaluations; and~~

17 ~~(c) The commission shall, beginning no later than January 1, 2012,~~
18 ~~periodically administer, based on a schedule established by the~~
19 ~~commission, scientifically based outcome evaluations of the state~~
20 ~~economic development system including, but not limited to, surveys of~~
21 ~~industry associations, industry cluster associations, and businesses~~
22 ~~served by publicly funded economic development programs; matches with~~
23 ~~employment security department payroll and wage files; and matches with~~
24 ~~department of revenue tax files; and~~

25 ~~(6) Evaluate proposals for expenditure from the economic~~
26 ~~development strategic reserve account and recommend expenditures from~~
27 ~~the account.~~

28 ~~The commission may delegate to the director any of the functions of~~
29 ~~this section.)) Subject to available resources, the governor or~~
30 ~~legislature may direct the commission, from time to time, to undertake~~
31 ~~additional research and policy analysis, assessments, or other special~~
32 ~~projects related to its mission.~~

33 **Sec. 6.** RCW 43.162.030 and 2007 c 232 s 7 are each amended to read
34 as follows:

35 Creation of the ((Washington state economic development))
36 commission shall not be construed to modify any authority or budgetary

1 responsibility of the governor or the department of (~~community, trade,~~
2 ~~and economic development~~) commerce.

3 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.162 RCW
4 to read as follows:

5 (1) The Washington state economic development commission account is
6 created in the state treasury. All receipts from gifts, grants,
7 donations, sponsorships, or contributions under RCW 43.162.020 must be
8 deposited into the account. Moneys in the account may be spent only
9 after appropriation. Expenditures from the account may be used by the
10 Washington state economic development commission only for purposes
11 related to carrying out the mission, roles, and responsibilities of the
12 commission.

13 (2) Whenever any money, from the federal government or from other
14 sources, that was not anticipated in the budget approved by the
15 legislature, has actually been received and is designated to be spent
16 for a specific purpose, the executive director shall use the
17 unanticipated receipts process as provided in RCW 43.79.270 to request
18 authority to spend the money.

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