

# HOUSE BILL REPORT

## HB 1926

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**As Passed House:**

February 28, 2011

**Title:** An act relating to using a web-based business services system.

**Brief Description:** Using a web-based business services system.

**Sponsors:** Representatives Kenney, Ormsby, Finn, Hasegawa, Ryu, Pettigrew and Liias.

**Brief History:**

**Committee Activity:**

Community Development & Housing: 2/14/11, 2/17/11 [DP].

**Floor Activity:**

Passed House: 2/28/11, 97-0.

**Brief Summary of Bill**

- Requires the Department of Commerce and associate development organizations to use a web-based information system for business recruitment, retention, expansion, and trade by January 1, 2013.

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### HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT & HOUSING

**Majority Report:** Do pass. Signed by 9 members: Representatives Kenney, Chair; Finn, Vice Chair; Smith, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Maxwell, Ryu, Santos and Walsh.

**Staff:** Jennifer Thornton (786-7147).

**Background:**

Associate development organizations (ADOs) are local organizations designated by each county to serve as the Department of Commerce's (Department) primary partner in local economic development activities in their county. The ADO's role is broad and is defined by statute and the needs of each community. Generally, the ADO provides advocacy and leadership, building relationships with its partners in state and local governments, community groups, and local businesses. Specifically, the ADOs are an integral part of the state's

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economic development plan that provides direct technical assistance and funding for economic activities in every county. An ADO's economic development activities can be organized into the following categories:

- recruitment of new businesses into Washington;
- retention and expansion of existing businesses;
- business start-up assistance;
- community asset building; and
- regional planning and collaboration.

The Department maintains a contracted partnership with 34 ADOs, serving 39 counties. The majority of ADOs represent one county, although three ADOs represent multiple counties. Most counties select nonprofit organizations to serve as the ADO, but local governments may also be designated as the county's ADO. Currently there are three ports, one public development authority and one Washington State University extension office that are designated as ADOs.

The Department is required to report to the Legislature and the Washington Economic Development Commission by December 31 of each even numbered year. The report must include the performance results of the contracts with the ADOs.

There are three significant limitations to the ADO performance measure data. First, the data are self-reported by each ADO, because there is no common data system. Second, the ADOs report difficulty determining the value of certain measures such as the amount of private investment leveraged and state tax dollars generated for each project. Lastly, the performance measures were significantly overhauled at the beginning of the 2009-2011 biennium, so some measures are not comparable across the biennia.

**Summary of Bill:**

The Department and the ADOs are directed to begin using a web-based information system to coordinate work with other economic development partners on business recruitment, retention, expansion, and trade by January 1, 2013. The Department must make the system available, provide training, and require the system's use by the ADOs. The Department may also make the system available to other economic development partners.

The web-based information system must be used to input data, track outcomes, and provide accurate and verifiable information from which the Department will create comprehensive reports.

The ADOs that do not provide the specified data in the web-based business information system must develop remediation plans to address performance gaps.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is a simple bill that directs the Department to make a shared system available for business recruitment, retention, expansion, and trade activities. The Department will also provide needed training for the ADOs. The Department is in the process of rolling out an internal system. After implementing it internally, the Department will then want to roll it out locally. This legislation will help expedite the process. The Department will be ready prior to the date in the bill. This is welcomed for uniform reporting, and will hopefully combine different data sets into one system. As we seek program accountability and better information on how dollars are spent, this system will be helpful.

(Opposed) None.

**Persons Testifying:** Representative Kenney, prime sponsor; and Patti Brooke, Department of Commerce.

**Persons Signed In To Testify But Not Testifying:** None.