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**SENATE BILL 6221**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Senators Brown, Angel, Braun, Hewitt, and Roach

AN ACT Relating to promoting economic development through improving regulatory processes and providing technical assistance to businesses; and amending RCW 43.330.060, 43.330.090, and 43.330.440.

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

**Sec.**  RCW 43.330.060 and 2010 c 165 s 2 are each amended to read as follows:

(1) The department shall (a) assist in expanding the state's role as an international center of trade, culture, and finance; (b) promote and market the state's products and services both nationally and internationally; (c) work in close cooperation with other private and public international trade efforts; (d) act as a centralized location for the assimilation and distribution of trade information; and (e) establish and operate foreign offices promoting overseas trade and commerce.

(2) The department shall identify and work with Washington businesses that can use local, state, and federal assistance to increase domestic and foreign exports of goods and services.

(3) The department shall work generally with small businesses and other employers to facilitate resolution of siting, regulatory, expansion, and retention problems. This assistance shall include but not be limited to assisting in workforce training and infrastructure needs, identifying and locating suitable business sites, and resolving problems with government licensing and regulatory requirements. The department shall identify gaps in needed services and develop steps to address them including private sector support and purchase of these services.

(4) The department shall work to increase the availability of capital to small businesses by developing new and flexible investment tools; by assisting in targeting and improving the efficiency of existing investment mechanisms; and by assisting in the procurement of managerial and technical assistance necessary to attract potential investors.

(5) The department shall assist women and minority-owned businesses in overcoming barriers to entrepreneurial success. The department shall contract with public and private agencies, institutions, and organizations to conduct entrepreneurial training courses for minority and women-owned businesses. The instruction shall be intensive, practical training courses in financing, marketing, managing, accounting, and recordkeeping for a small business, with an emphasis on federal, state, local, or private programs available to assist small businesses. Instruction shall be offered in major population centers throughout the state at times and locations that are convenient for minority and women small business owners.

(6)(a) Subject to the availability of amounts appropriated for this specific purpose, by December 1, 2010, the department, in conjunction with the small business development center, must prepare and present to the governor and appropriate legislative committees a specific, actionable plan to increase access to capital and technical assistance to small businesses and entrepreneurs beginning with the 2011‑2013 biennium. In developing the plan, the department and the center may consult with the Washington state microenterprise association, and with other government, nonprofit, and private organizations as necessary. The plan must identify:

(i) Existing sources of capital and technical assistance for small businesses and entrepreneurs;

(ii) Critical gaps and barriers to availability of capital and delivery of technical assistance to small businesses and entrepreneurs;

(iii) Workable solutions to filling the gaps and removing barriers identified in (a)(ii) of this subsection; and

(iv) The financial resources and statutory changes necessary to put the plan into effect beginning with the 2011‑2013 biennium.

(b) With respect to increasing access to capital, the plan must identify specific, feasible sources of capital and practical mechanisms for expanding access to it.

(c) The department and the center must include, within the analysis and recommendations in (a) of this subsection, any specific gaps, barriers, and solutions related to rural and low‑income communities and small manufacturers interested in exporting.

(7) The department must develop business assistance materials to maintain and grow businesses in Washington. The business assistance materials must include information about Washington's business and regulatory requirements and efforts to streamline and improve government regulation of businesses. The department must prioritize their efforts by collaborating with businesses in key economic sectors identified in targeted industry sectors in RCW 43.330.090, and businesses in industry sectors identified through successful pilot projects conducted under RCW 43.330.440.

**Sec.**  RCW 43.330.090 and 2014 c 112 s 113 are each amended to read as follows:

(1) The department shall work with private sector organizations, industry and sector associations, federal agencies, state agencies that use a sector-based approach to service delivery, local governments, local associate development organizations, and higher education and training institutions in the development of industry sector-based strategies to diversify the economy, facilitate technology transfer and diffusion, and increase value-added production. The industry sectors targeted by the department may include, but are not limited to, aerospace, agriculture, food processing, forest products, marine services, health and biomedical, software, digital and interactive media, transportation and distribution, and microelectronics. The department shall, on a continuing basis, evaluate the potential return to the state from devoting additional resources to an industry sector-based approach to economic development and identifying and assisting additional sectors.

(2) The department's sector‑based strategies shall include, but not be limited to, cluster‑based strategies that focus on assisting regional industry sectors and related firms and institutions that meet the definition of an industry cluster in this section and based on criteria identified by the working group established in this chapter.

(3)(a) The department shall promote, market, and encourage growth in the production of films and videos, as well as television commercials within the state; to this end the department is directed to assist in the location of a film and video production studio within the state.

(b) The department may, in carrying out its efforts to encourage film and video production in the state, solicit and receive gifts, grants, funds, fees, and endowments, in trust or otherwise, from tribal, local, or other governmental entities, as well as private sources, and may expend the same or any income therefrom for the encouragement of film and video production. All revenue received for such purposes shall be deposited into the general fund.

(4) In assisting in the development of regional and statewide industry cluster-based strategies, the department's activities shall include, but are not limited to:

(a) Facilitating regional focus group discussions and conducting studies to identify industry clusters, appraise the current information linkages within a cluster, and identify issues of common concern within a cluster;

(b) Supporting industry and cluster associations, publications of association and cluster directories, development of business assistance materials, and related efforts to create or expand the activities of industry and cluster associations;

(c) Administering a competitive grant program to fund economic development activities designed to further regional cluster growth. In administering the program, the department shall work with the workforce training and education coordinating board, the state board for community and technical colleges, the employment security department, business, and labor.

(i) The department shall seek recommendations on criteria for evaluating applications for grant funds and recommend applicants for receipt of grant funds. Criteria shall include not duplicating the purpose or efforts of industry skill panels.

(ii) Applicants must include organizations from at least two counties and participants from the local business community. Eligible organizations include, but are not limited to, local governments, economic development councils, chambers of commerce, federally recognized Indian tribes, workforce development councils, and educational institutions.

(iii) Applications must evidence financial participation of the partner organizations.

(iv) Eligible activities include the formation of cluster economic development partnerships, research and analysis of economic development needs of the cluster, the development of a plan to meet the economic development needs of the cluster, and activities to implement the plan.

(v) Priority shall be given to applicants that complement industry skill panels and will use the grant funds to build linkages and joint projects.

(vi) The maximum amount of a grant is one hundred thousand dollars.

(vii) A maximum of one hundred thousand dollars total can go to King, Pierce, Kitsap, and Snohomish counties combined.

(viii) No more than ten percent of funds received for the grant program may be used by the department for administrative costs.

(5) As used in this chapter, "industry cluster" means a geographic concentration of interconnected companies in a single industry, related businesses in other industries, including suppliers and customers, and associated institutions, including government and education.

**Sec.**  RCW 43.330.440 and 2013 c 324 s 2 are each amended to read as follows:

(1) The department, in collaboration with the office of regulatory assistance and the office of accountability and performance, must conduct multijurisdictional regulatory streamlining projects that each impact a specific industry sector or subsector within a specific geographical location. Planning for an initial pilot project must begin by September 1, 2013, and the initial pilot project must be underway by December 31, 2013. One or more projects must be implemented in each subsequent calendar year through 2019.

(2) The department must establish and implement a competitive process and select a minimum of one applicant comprised of a public-private partnership for participation in each project. The initial pilot project must focus on the manufacturing sector. The department, in consultation with the economic development commission, must determine the sectors for subsequent projects. The criteria to be used to select projects must include:

(a) Evidence of strong business commitment to the project;

(b) Evidence of strong commitment by the local government jurisdictions where the project is located to allocate necessary staff to the project and to streamline laws, rules, and administrative process requirements both within their jurisdictions and collaboratively across jurisdictions;

(c) Willingness to apply lean principles and tools to streamline the business regulatory experience;

(d) Identification of a lead partner capable of providing project management and coordination of partners;

(e) Support of the stakeholders necessary to implement the project;

(f) A plan and capacity to complete the project within the time frame; and

(g) A minimum of fifty percent match must be provided from project partners. The match may be cash, in-kind, or a combination of cash and in-kind.

(3) The department is encouraged to collaborate with nonprofit industry organizations, the private sector, foundations, and other interested entities to successfully complete each project.

(4) The department must pursue opportunities for nonstate funding as the match to the fifty percent or more provided by project partners. A maximum of fifty thousand dollars of state funds may be used for a project.

(5) The department may contract with a third party for expertise and facilitation.

(6) All state agencies with regulatory requirements that impact the project's industry sector must participate.

(7) The state agencies, local jurisdictions, business partners, and other participants must jointly:

(a) Develop a project plan to conduct a cross-jurisdictional review process;

(b) Identify and review all laws, rules, and administrative processes and requirements pertaining to the selected sector;

(c) Apply specific criteria to evaluate the extent to which the laws, rules, and administrative processes and requirements provide for consistent, clear, and efficient customer experiences while continuing to maintain public health, safety, and environmental standards;

(d) Develop an implementation plan and schedule that identifies priority streamlining actions;

(e) Present their recommendations to the department for comment and endorsement; and

(f) Present their recommendations to the Washington state economic development commission for comment, endorsement, and evaluation.

(8) The department must document and distribute the streamlined laws, rules, processes, and other potentially replicable information, derived from the projects to the association of Washington cities and Washington state association of counties for distribution to their membership.

(9) The department must develop business assistance materials that incorporate best practices learned from pilot projects conducted under this section.

(10) The department must brief the economic development committees of the legislature by January 15, 2014, on the status of the initial pilot project, and must submit a report on the outcomes of the projects to the economic development committees of the legislature by January 15th of each calendar year, from 2015 through 2020. The department must include in the reports any streamlining recommendations identified in the projects that require statutory changes for implementation and any potentially replicable models, approaches, and tools that could be applied to other sectors and geographical areas.

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