

February 4, 1998

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development

FROM: Kenny Pittman, Research Analyst (786-7392)

RE: **HB 2694 - Promoting regional business recruitment efforts.**

BACKGROUND:

The Department of Community, Trade, and Economic Development (DCTED) is the primary state agency charged with assisting communities or regional areas in their community and economic development efforts. The DCTED works with a variety of local economic development organizations to help communities attract businesses to their area or to retain existing local businesses.

Associate Development Organization (ADO) are local economic development nonprofit corporations that consist of a broad representative of community and economic development interest, that include, but is not limited to local governments, local chambers of commerce, private industry councils, port districts, labor groups, and institutions of higher education. The ADO works with representatives in their service area to identify key economic and community development problems, develop appropriate solutions, and mobilize broad support for recommended initiatives. The ADO then assumes the leadership role in the coordination of efficient delivery of services designed to implement the recommended initiatives. There are 33 ADOs in the state that operate on either a county-wide basis or consist of a consortium of two or more counties.

SUMMARY:

A regional business recruitment grant program is created within the Department of Community, Trade, and Economic Development (DCTED). The purpose of the program is to assist local communities or regional areas in their business recruitment efforts.

The DCTED may provide grants to local associate development organizations to be used for marketing the area to businesses on a national and international basis. Applications for assistance must: (1) Be submitted by a local associate development organization or consortium of associate development organizations; (2) Contain evidence of active participation between the public and private sector; (3) Contain a description of how the proposed project will assist in regional business recruitment efforts; and (4) Contain other information the DCTED deems necessary.

The DCTED in making awards must: (1) Consider the degree of other funds, including in-kind match, committed to the project; (2) Consider the degree of community support for the proposed project; (3) Consider the coordination of the proposed project with existing state and local business recruitment efforts; and (4) State that funding of a proposed project is not an obligation to provide ongoing funding in future years.

Appropriation: \$400,000 from the general fund to the Department of Community, Trade, and Economic Development.

Fiscal Note: Requested January 28, 1998.

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