

HOUSE BILL REPORT

HB 1474

As Reported by House Committee On:
Trade & Economic Development
Appropriations

Title: An act relating to splitting the department of community, trade, and economic development and reestablishing the department of community development and the department of trade and economic development.

Brief Description: Splitting the department of community, trade, and economic development and reestablishing the department of community development and the department of trade and economic development.

Sponsors: Representatives Van Luven (co-prime sponsor), Veloria (co-prime sponsor), Fromhold, Dunn, Eickmeyer, Kessler, Kenney, D. Schmidt, Edmonds, Ogden and Santos; by request of Governor Locke.

Brief History:

Committee Activity:

Trade & Economic Development: 2/8/01, 2/22/01 [DPA];
Appropriations: 1/28/02, 2/6/02 [DPS(APP)].

Brief Summary of Substitute Bill

- Renames the Department of Community, Trade, and Economic Development (DCTED) the Department of Community Development (DCD) and reestablishes the Department of Trade and Economic Development (DTED) on July 1, 2001.
- Revises appropriate statutory references to DCTED for programs, boards, or commissions to either DCD, DTED, or both DCD and DCTED, where appropriate.
- Prohibits the use of new state general fund appropriation to pay any costs associated with splitting the DTED.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 12 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic 1st Vice Chair; Fromhold, Democratic 2nd Vice Chair;

Ahern, Gombosky, Jackley, Mulliken, O'Brien, Pflug and Woods.

Staff: Kenny Pittman (786-7392).

Background:

The (DCTED) was created in 1993 by the merger of the (DCD) and (DTED). The DCTED is the main state agency responsible for providing community and economic development assistance in the state; providing technical and financial assistance to local government, businesses, and community-based organizations; administering federal grants that are used for community and economic development activities; and conducting the necessary research and analysis to support community and economic development efforts at the state and local level.

The key service areas of DCTED are: (1) local government assistance that support development through growth management and infrastructure financing, and archaeology and historic preservation; (2) economic development that includes tourism promotion, film and video, business assistance, and rural economic development; (3) community services that support local efforts to develop self-reliant individuals and families through prevention, intervention, technical assistance and advocacy programs; (4) housing and housing-related services that include emergency shelter assistance, manufacturing housing, and housing finance through the housing trust fund; (5) international trade assistance that include import/export business development and export promotion through the state's foreign representative contractors; and (6) energy policy.

On May 15, 2000, Governor Locke issued an Executive Directive (Number 00-03) that established the Washington State Office of Trade and Economic Development and the Washington State Office of Community Development within the Department of Community, Trade and Economic Development. In the Governor's directive it was noted that the department's program were too numerous and diverse in nature to be well coordinated under one state agency and director.

Summary of Amended Bill:

Effective July 1, 2001, the Department of Community, Trade, and Economic Development is renamed the Department of Community Development and the Department of Trade and Economic Development is reestablished.

Department of Community Development

The (DCD) is responsible for promoting community development within the state by assisting communities to increase their economic vitality, while maintaining a health environment. The DCD consist of the existing divisions:

- Community Services “ which consist of children services, community programs, developmental disabilities council, and office of crime victims advocacy;
- Housing Services “ which consists of housing finance, housing improvements and preservation, and state building code council;
- Local Government “ which consists of community development programs, fiscal note program, growth management, office of archaeology and historic preservation, public works board, and safe and drug free communities; and
- Energy Facility Site Evaluation Council.

Department of Trade and Economic Development

The (DTED) is responsible for working with local communities and businesses to respond to economic problems and challenges. The DTED consists of the following existing divisions:

- Economic Development “ which consists of business technical assistance, business finance, community economic assistance center, business development, tourism, film and video office;
- International Trade “ which consist of export/import development, and foreign representative contractors;
- Energy Policy; and
- WorkFirst.

Miscellaneous Provisions

Where appropriate statutory references to DCTED are changed to either the DCD or DCTED. Statutory references to several boards and programs are revised to include both the DCD and DTED.

Obsolete statutes that require local governments to review the need and demand for residential care or child care facilities and report their findings to the DCTED by September 30, 1990 are repealed.

The Clean Washington Center is moved into the DTED. The provisions related to findings, purpose, duties and responsibilities, and authority of the Clean Washington Center are repealed.

The Director of the DTED, or the director’s designee is a member of the state’s Forest

Practices Board.

No new general fund appropriation may be used to pay any costs associated with splitting the DCTED into DCD and DTED.

Amended Bill Compared to Original Bill:

The amended bill adds the provisions that no new state general fund appropriation may be used for costs associated with splitting the Department of Community, Trade, and Economic Development into the Department of Community Development and the Department of Trade and Economic Development.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect on July 1, 2001.

Testimony For: This bill will make the state more responsive to the rapidly changing economic environment. After the Department of Community Development and the Department of Trade and Economic Development were combined it has been difficult to create a targeted focus due to the diverse nature of the programs they administer. Splitting the department into two separate departments will allow each department to focus on the needs of their interest groups.

Testimony Against: None.

Testified: (In support) Representative Van Luven, co-prime sponsor; Jennifer Joly, Governor's Office; Martha Choe, Office of Trade and Economic Development; Busse Nutley, Office of Community Development; Dan Caine, Governor's Small Business Improvement Council; Bill Stafford, Trade Development Alliance; Tami Garrow, Grays Harbor Public Development Authority; Stan Finkelstein, Association of Washington Cities; Ron Newbry, Washington Economic Development Association; Nick Federici, Washington Low-Income Housing Congress; Becky Bogard, Washington State Hotel & Lodging Association; and Richard Kaufmann, Workforce Development Council of Pierce County.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Appropriations be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Sommers, Chair; Doumit, 1st Vice Chair; Fromhold, 2nd Vice Chair; Cody, Dunshee, Grant, Kagi,

Kenney, Kessler, Linville, McIntire, Ruderman, Schual-Berke and Tokuda.

Minority Report: Do not pass. Signed by 10 members: Representatives Sehlin, Ranking Minority Member; Alexander, Buck, Clements, Cox, Lisk, Mastin, Pearson, Pflug and Talcott.

Staff: Linda Brooks (786-7153).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Trade & Economic Development:

The effective date for the split is July 1, 2002, rather than July 1, 2001.

The directors of the DTED and the DCD must obtain approval from the Office of Financial Management to appoint persons to unspecified positions that are exempted from civil service provisions.

The list of community development efforts is made expressly permissive. The Department of Community Development's efforts may include, but are not limited to, assisting local planning to manage growth, service and advocacy for crime victims, the promotion and provision of affordable housing and housing-related services, providing public infrastructure, providing support and assistance for early childhood education, providing community services and advocacy for lower-income persons, and public safety efforts.

The list of economic development efforts is made expressly permissive. The Department of Trade and Economic Development's efforts may include, but are not limited to, efforts to increase economic opportunities, business and trade development, work force development, assisting firms and industrial sectors to increase their competitiveness, fostering the development of minority and women-owned businesses, and facilitating the development, transfer, and diffusion of technology.

Language is updated to reflect statutory changes enacted by the Legislature during the 2001 legislative session.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill would make the split permanent and provide some assurance to stakeholders and employees. It is important for cabinet-level agency to exist that focuses

exclusively on economic development and international trade issues. Since the creation of the separate offices, stakeholders have seen increased attention and focus. Washington cities and counties are very supportive of the split.

Testimony Against: Given the state's tough economic times, we are opposed to the split if early childhood education and sexual assault programs take hits to help absorb the administrative costs of the split.

Testified: (In support) Representative Van Luven, prime sponsor; Martha Choe, Office of Trade and Economic Development; Busse Nutley, Office of Community Development; Jim Justin, Association of Washington Cities; Bill Vogler, Washington State Association of Counties; and Ron Newbry, Washington Economic Development Association.

(Opposed) Suzanne Brown, Washington Coalition of Sexual Assault Programs.