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**Community & Economic  
Development & Trade Committee**

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**SSB 6774**

**Brief Description:** Promoting regional industry cluster growth.

**Sponsors:** Senators Kastama, Shin and Rockefeller.

**Brief Summary of Bill**

- Increases maximum grant amounts, and adds eligible applicants, grant-making priorities, and fiscal parameters to the Industry Cluster Grant Program at the Department of Community, Trade, and Economic Development.

**Hearing Date:** 2/20/08

**Staff:** Meg Van Schoorl (786-7105).

**Background:**

In 2006 the Legislature enacted 2SHB 2498, establishing an industry-cluster based approach to economic development. An industry cluster was defined as a geographic concentration of interdependent competitive firms that do business with each other, including firms that sell within and outside of the geographic region and also support firms that supply raw materials, components and business services. Industry clusters to be targeted by the Department of Community, Trade and Economic Development (DCTED) included but were not limited to: aerospace, agriculture, food processing, forest products, marine services, digital and interactive media, health and biomedical, software, transportation and distribution, and microelectronics. The bill directed the DCTED to identify industry clusters and work with various entities to develop strategies to foster the development of state and regional industry clusters.

The bill also created a competitive grant program to assist communities to develop and conduct cluster strategies. The DCTED was directed to work with an Industry Cluster Advisory Committee made up of equal representation from the Workforce Training and Education Coordinating Board, the State Board for Community and Technical Colleges, the Employment Security Department, business and labor. The Industry Cluster Advisory Committee was to

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recommend application evaluation criteria and recommend grant recipients. Eligible organizations included, but were not limited to, local governments, economic development councils, chambers of commerce, federally recognized Indian tribes, workforce development councils and educational institutions. The maximum grant was set at \$100,000, except that for King, Pierce, Kitsap and Snohomish counties combined, the maximum could be \$100,000. Grant-making priorities included building linkages and joint projects, develop common resources and common training, and develop common research and development projects or facilities. Five regional partnerships received a total of \$246,000 in the 2005-07 biennium: marine services cluster (Clallam County), marine services cluster (Skagit County), clean technology cluster (Puget Sound Regional Council), aerospace cluster (Spokane area), and wine cluster (Walla Walla area). There were no funds budgeted for grants in the 2007-09 biennium.

**Summary of Bill:**

Nonprofit industry associations or industry cluster associations are added as eligible applicants for cluster grants. Use of grant funds to develop mechanisms for information sharing among cluster members is added to the list of grant-making priorities.

The maximum amount of a grant is increased from \$100,000 to \$150,000. The maximum grant amount that can be received by King, Pierce, Kitsap, and Snohomish counties combined is increased from \$100,000 to \$300,000.

Of the total grant program funds received, the DCTED and the Industry Cluster Advisory Committee must use five percent to: (1) identify and share with grant recipients the public and private resources available that could be more intensively provided to assist industry clusters; and, (2) identify mechanisms by which public resources can be coordinated and more efficiently delivered to support industry clusters.

The definition of an "industry cluster" is broadened by adding "other institutions including government and education."

"Sector" is defined as a group of industries with similar business processes, products, or services, such as construction or health services, as categorized by the North American Industry Classification System.

**Appropriation:** None.

**Fiscal Note:** Requested on February 18, 2008.

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