

FINAL BILL REPORT

E2SHB 2658

PARTIAL VETO C 271 L 10 Synopsis as Enacted

Brief Description: Refocusing the department of commerce, including transferring programs.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Kenney, Maxwell, McCoy and Morrell; by request of Washington State Department of Commerce).

House Committee on Community & Economic Development & Trade
House Committee on Ways & Means
Senate Committee on Economic Development, Trade & Innovation
Senate Committee on Ways & Means

Background:

The Department of Community, Trade and Economic Development.

The Department of Community, Trade and Economic Development (DCTED) was created in 1994 through the consolidation of the Department of Community Development and the Department of Trade and Economic Development. The DCTED was responsible for promoting community and economic development statewide by assisting communities to increase their economic vitality and the quality of their citizen's lives, and assisting the state's businesses to maintain and increase their economic competitiveness while maintaining a healthy environment.

The Department of Commerce.

In 2009 legislation was enacted to create a state Department of Commerce (Department) as a successor agency to the DCTED. While the legislation included sections changing the DCTED's name in many statutes, it did not contain policy directives regarding the future of programs within the Department. Instead, the legislation directed the Department to consult with a broad range of stakeholders statewide and develop, by November 1, 2009, a report for the Governor and legislative committees.

That report was to analyze and recommend statutory changes to ensure that the Department would feature a concise core mission, accountability, leveraged resources, maximized

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

partnerships, and increased local capacity building. The report was also to include recommendations for creating or consolidating programs important to meeting the Department's core mission, and for terminating or transferring programs that were inconsistent with the core mission. The Department produced the required report and submitted an agency request bill and budget to advance its policy and fiscal recommendations.

Industry Sectors and Clusters.

In its 2008 report "Skills for the Next Washington," the Workforce Training and Education Coordinating Board describes and differentiates industry sectors from clusters. A sector is a group of firms with similar business products, services, or processes. Examples are aerospace, agriculture, and marine services. A cluster is a geographically concentrated, inter-related group of firms and other entities that do business with each other. The wine industry cluster in Walla Walla, for example, includes wineries, grape growers, banks, restaurants, hotels, and the community college's enology and viticulture programs.

Agricultural Commodity Commissions.

There are 24 agricultural commodity commissions in Washington. Examples include the Washington Apple Commission, the Asparagus Commission, and the Wine Commission. Agricultural commodity commissions are agencies of state government. Each is governed by a board of directors made up of growers and overseen by the director of the Washington State Department of Agriculture. Agricultural commodity commissions are formed primarily to engage in research and marketing for their specific commodity. Under their statutory authorities, the commissions collect mandatory assessments levied against all commodity shipments at rates established through grower referenda.

Summary:

Findings, Intent, and Directives.

The Department's mission is to grow and improve jobs and facilitate innovation. The Department must provide business assistance and economic development services through sector-, cluster- and regionally-based partners rather than by assisting individual firms directly.

The Department must also examine agricultural commodity commissions as a model for other industries to self-finance activities such as workforce training, international marketing, quality improvement, and technology deployment. By December 1, 2010, the Department must report to the Governor and Legislature with findings and proposed legislation developed in collaboration with industry sector and cluster associations.

The Department must establish the Community Services and Housing Division. Seventeen specific services or programs to be included in the division are identified, but the division is not limited to those programs named. The section containing these requirements expires on July 1, 2012.

Program Transfers.

All powers, duties and functions of the Department pertaining to five programs are transferred to other state agencies. County Public Health Assistance and the Developmental Disabilities Endowment are transferred to the Department of Health. The State Building Code Council is transferred to the Department of General Administration. The Drug Prosecution Assistance program is transferred to the Criminal Justice Training Commission. The Energy Facility Site Evaluation Council is transferred to the Washington Utilities and Transportation Commission. Each transfer section includes common language regarding transfer of personnel, appropriations, apportionment of budgeted funds, documents, files, office equipment and other tangible property from the Department to the receiving agency.

The Municipal Research Council is abolished and its duties are transferred to the Department.

State Energy Strategy.

The Legislature finds that: (1) there is a need for the state to implement a comprehensive energy planning process; (2) the nation and world has begun a transition to the clean energy economy; and (3) this transition may increase or decrease energy costs and efforts should be made to mitigate cost increases. The Legislature declares that a successful state energy strategy must balance three factors: (1) maintaining competitive energy prices that are fair and reasonable for consumers and businesses; (2) increasing competitiveness by fostering a clean energy economy and jobs; and (3) meeting the state's obligations to reduce greenhouse gas emissions. Thirteen principles related to energy are provided. Nine are required to be used by the state to develop and implement the state energy strategy. Four are required of the Department. The 1994 statute containing seven state energy policy goals is repealed.

By December 1, 2010, the Department must produce an updated state energy strategy and implementation report. By December 1, 2011, and every five years thereafter, the Department must produce a fully updated strategy and report. All strategies must be produced with the guidance of an advisory committee appointed by the Director of the Department (Director) to represent a balance of identified interests.

To facilitate Department and advisory committee decision-making, the Director must engage a group of scientific, engineering, economic, and other energy experts to identify analytical needs and capabilities and to provide unbiased information on the energy portfolio, future needs, growth scenarios, and improved productivity. The group is to be comprised of representatives of higher education research institutions, the Pacific Northwest National Laboratory, the Northwest Power and Conservation Council, and other organizations with recognized expertise.

The strategy must examine the state's entire energy system to the maximum extent feasible. The strategy must identify administrative actions, regulatory coordination, and recommendations for legislation. The Department and advisory committee must review related processes and relevant documents. The strategy must be consistent with and build upon all relevant statutorily-authorized energy, environmental, and other policies, goals, and

programs. To avoid competition among state agencies, the Department must coordinate a search for external in-kind and financial support for the process.

Following a public hearing on the advisory committee's recommendations for revisions to the strategy, the written report must be produced by the Department and conveyed to the Governor and appropriate legislative committees. The Legislature must, by concurrent resolution, approve or recommend changes to each energy strategy and report. The advisory committee must be dissolved within three months of the report being conveyed.

Other.

The number of Department staff administering innovation and policy functions who are exempted from civil service provisions is capped at ten, including three already exempted under current law.

The 1967 statute abolishing the State Census Board is decodified.

Votes on Final Passage:

House	56	38	
Senate	45	2	(Senate amended)
House			(House refuses to concur)
Senate	45	2	(Senate amended)
House	61	36	(House concurred)

Effective: July 1, 2010

Partial Veto Summary: The Governor's partial veto eliminates the section that required the Department, with guidance of an advisory committee and information from a technical experts group, to produce an updated state energy strategy and implementation report by December 1, 2010, again in 2011, and every five years thereafter. The section also required the Legislature to approve or recommend changes to the state energy strategy by concurrent resolution.