

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2029

Chapter 112, Laws of 2014

63rd Legislature
2014 Regular Session

ECONOMIC DEVELOPMENT-RELATED ENTITIES--ELIMINATION

EFFECTIVE DATE: 06/12/14 - Except for section 107, which is
contingent.

Passed by the House March 13, 2014
Yeas 97 Nays 1

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 7, 2014
Yeas 49 Nays 0

BRAD OWEN

President of the Senate

Approved March 28, 2014, 2:14 p.m.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2029** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

March 31, 2014

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2029

AS AMENDED BY THE SENATE

Passed Legislature - 2014 Regular Session

State of Washington 63rd Legislature 2014 Regular Session

By House Appropriations (originally sponsored by Representatives Morris and Hudgins)

READ FIRST TIME 01/27/14.

1 AN ACT Relating to eliminating the economic development-related
2 agencies, boards, and commissions; amending RCW 28B.30.530,
3 28B.155.010, 28C.18.060, 39.102.040, 43.160.060, 43.160.900,
4 43.330.050, 43.330.080, 43.330.082, 43.330.090, 43.330.250, 43.330.270,
5 43.330.280, 43.330.375, 50.38.050, 82.14.505, 82.33A.010, 43.131.418,
6 and 43.330.010; reenacting and amending RCW 28C.18.080, 43.84.092,
7 43.84.092, and 43.330.310; repealing RCW 43.162.005, 43.162.010,
8 43.162.012, 43.162.015, 43.162.020, 43.162.025, 43.162.030, 43.162.040,
9 82.33A.020, 43.374.010, 43.336.010, 43.336.020, 43.336.030, 43.336.040,
10 43.336.050, 43.336.060, 43.336.900, and 43.330.290; providing a
11 contingent effective date; and providing a contingent expiration date.

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

PART I

ELIMINATION OF THE WASHINGTON STATE ECONOMIC DEVELOPMENT COMMISSION

15 **Sec. 101.** RCW 28B.30.530 and 2012 c 229 s 808 are each amended to
16 read as follows:

17 (1) The board of regents of Washington State University shall

1 establish the Washington State University small business development
2 center.

3 (2) The center shall provide management and technical assistance
4 including but not limited to training, counseling, and research
5 services to small businesses throughout the state. The center shall
6 work with the department of commerce, the state board for community and
7 technical colleges, the workforce training and education coordinating
8 board, the employment security department, (~~the Washington state~~
9 ~~economic development commission,~~) associate development organizations,
10 and workforce development councils to:

11 (a) Integrate small business development centers with other state
12 and local economic development and workforce development programs;

13 (b) Target the centers' services to small businesses;

14 (c) Tailor outreach and services at each center to the needs and
15 demographics of entrepreneurs and small businesses located within the
16 service area;

17 (d) Establish and expand small business development center
18 satellite offices when financially feasible; and

19 (e) Coordinate delivery of services to avoid duplication.

20 (3) The administrator of the center may contract with other public
21 or private entities for the provision of specialized services.

22 (4) The small business development center may accept and disburse
23 federal grants or federal matching funds or other funds or donations
24 from any source when made, granted, or donated to carry out the
25 center's purposes. When drawing on funds from the business assistance
26 account created in RCW 28B.30.531, the center must first use the funds
27 to make increased management and technical assistance available to
28 existing small businesses and start-up businesses at satellite offices.
29 The funds may also be used to develop and expand assistance programs
30 such as small business planning workshops and small business
31 counseling.

32 (5) By December 1, 2010, the center shall provide a written
33 progress report and a final report to the appropriate committees of the
34 legislature with respect to the requirements in subsection (2) of this
35 section and the amount and use of funding received through the business
36 assistance account. The reports must also include data on the number,
37 location, staffing, and budget levels of satellite offices;
38 affiliations with community colleges, associate development

1 organizations or other local organizations; the number, size, and type
2 of small businesses assisted; and the types of services provided. The
3 reports must also include information on the outcomes achieved, such as
4 jobs created or retained, private capital invested, and return on the
5 investment of state and federal dollars.

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

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

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

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

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

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

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

31 **Sec. 102.** RCW 28B.155.010 and 2012 c 242 s 1 are each amended to
32 read as follows:

33 (1) The joint center for aerospace technology innovation is created
34 to:

35 (a) Pursue joint industry-university research in computing,
36 manufacturing efficiency, materials/structures innovation, and other
37 new technologies that can be used in aerospace firms;

1 (b) Enhance the education of students in the engineering
2 departments of the University of Washington, Washington State
3 University, and other participating institutions through industry-
4 focused research; and

5 (c) Work directly with existing small, medium-sized, and large
6 aerospace firms and aerospace industry associations to identify
7 research needs and opportunities to transfer off-the-shelf technologies
8 that would benefit such firms.

9 (2) The center shall be operated and administered as a multi-
10 institutional education and research center, conducting research and
11 development programs in various locations within Washington under the
12 joint authority of the University of Washington and Washington State
13 University. The initial administrative offices of the center shall be
14 west of the crest of the Cascade mountains. In order to meet aerospace
15 industry needs, the facilities and resources of the center must be made
16 available to all four-year institutions of higher education as defined
17 in RCW 28B.10.016. Resources include, but are not limited to,
18 internships, on-the-job training, and research opportunities for
19 undergraduate and graduate students and faculty.

20 (3) The powers of the center are vested in and shall be exercised
21 by a board of directors. The board shall consist of nine members
22 appointed by the governor. The governor shall appoint a nonvoting
23 chair. Of the eight voting members, one member shall represent small
24 aerospace firms, one member shall represent medium-sized firms, one
25 member shall represent large aerospace firms, one member shall
26 represent labor, two members shall represent aerospace industry
27 associations, and two members shall represent higher education. The
28 terms of the initial members shall be staggered.

29 (4) The board shall hire an executive director. The executive
30 director shall hire such staff as the board deems necessary to operate
31 the center. Staff support may be provided from among the cooperating
32 institutions through cooperative agreements to the extent funds are
33 available. The executive director may enter into cooperative
34 agreements for programs and research with public and private
35 organizations including state and nonstate agencies consistent with
36 policies of the participating institutions.

37 (5) The board must:

- 1 (a) Work with aerospace industry associations and aerospace firms
2 of all sizes to identify the research areas that will benefit the
3 intermediate and long-term economic vitality of the Washington
4 aerospace industry;
- 5 (b) Identify entrepreneurial researchers to join or lead research
6 teams in the research areas specified in (a) of this subsection and the
7 steps the University of Washington and Washington State University will
8 take to recruit such researchers;
- 9 (c) Assist firms to integrate existing technologies into their
10 operations and align the activities of the center with those of impact
11 Washington (~~(and innovate Washington)~~) to enhance services available to
12 aerospace firms;
- 13 (d) Develop internships, on-the-job training, research, and other
14 opportunities and ensure that all undergraduate and graduate students
15 enrolled in an aerospace engineering curriculum have direct experience
16 with aerospace firms;
- 17 (e) Assist researchers and firms in safeguarding intellectual
18 property while advancing industry innovation;
- 19 (f) Develop and strengthen university-industry relationships
20 through promotion of faculty collaboration with industry, and
21 sponsor(~~(, in collaboration with innovate Washington,)~~) at least one
22 annual symposium focusing on aerospace research in the state of
23 Washington;
- 24 (g) Encourage a full range of projects from small research projects
25 that meet the specific needs of a smaller company to large scale,
26 multipartner projects;
- 27 (h) Develop nonstate support of the center's research activities
28 through leveraging dollars from federal and private for-profit and
29 nonprofit sources;
- 30 (i) Leverage its financial impact through joint support
31 arrangements on a project-by-project basis as appropriate;
- 32 (j) Establish mechanisms for soliciting and evaluating proposals
33 and for making awards and reporting on technological progress,
34 financial leverage, and other measures of impact;
- 35 (k) By June 30, 2013, develop an operating plan that includes the
36 specific processes, methods, or mechanisms the center will use to
37 accomplish each of its duties as set out in this subsection; and

1 (1) Report biennially to the legislature and the governor about the
2 impact of the center's work on the state's economy and the aerospace
3 sector, with projections of future impact, providing indicators of its
4 impact, and outlining ideas for enhancing benefits to the state. The
5 report must be coordinated with the governor's office, (~~the Washington~~
6 ~~economic development commission,~~) and the department of commerce(~~(~~
7 ~~and innovate Washington)~~)).

8 **Sec. 103.** RCW 28C.18.060 and 2012 c 229 s 579 are each amended to
9 read as follows:

10 The board, in cooperation with the operating agencies of the state
11 training system and private career schools and colleges, shall:

12 (1) Concentrate its major efforts on planning, coordination
13 evaluation, policy analysis, and recommending improvements to the
14 state's training system;

15 (2) Advocate for the state training system and for meeting the
16 needs of employers and the workforce for workforce education and
17 training;

18 (3) Establish and maintain an inventory of the programs of the
19 state training system, and related state programs, and perform a
20 biennial assessment of the vocational education, training, and adult
21 basic education and literacy needs of the state; identify ongoing and
22 strategic education needs; and assess the extent to which employment,
23 training, vocational and basic education, rehabilitation services, and
24 public assistance services represent a consistent, integrated approach
25 to meet such needs;

26 (4) Develop and maintain a state comprehensive plan for workforce
27 training and education, including but not limited to, goals,
28 objectives, and priorities for the state training system, and review
29 the state training system for consistency with the state comprehensive
30 plan. In developing the state comprehensive plan for workforce
31 training and education, the board shall use, but shall not be limited
32 to: Economic, labor market, and populations trends reports in office
33 of financial management forecasts; joint office of financial management
34 and employment security department labor force, industry employment,
35 and occupational forecasts; the results of scientifically based
36 outcome, net-impact and cost-benefit evaluations; the needs of
37 employers as evidenced in formal employer surveys and other employer

1 input; and the needs of program participants and workers as evidenced
2 in formal surveys and other input from program participants and the
3 labor community;

4 (5) In consultation with the student achievement council, review
5 and make recommendations to the office of financial management and the
6 legislature on operating and capital facilities budget requests for
7 operating agencies of the state training system for purposes of
8 consistency with the state comprehensive plan for workforce training
9 and education;

10 (6) Provide for coordination among the different operating agencies
11 and components of the state training system at the state level and at
12 the regional level;

13 (7) Develop a consistent and reliable database on vocational
14 education enrollments, costs, program activities, and job placements
15 from publicly funded vocational education programs in this state;

16 (8)(a) Establish standards for data collection and maintenance for
17 the operating agencies of the state training system in a format that is
18 accessible to use by the board. The board shall require a minimum of
19 common core data to be collected by each operating agency of the state
20 training system;

21 (b) Develop requirements for minimum common core data in
22 consultation with the office of financial management and the operating
23 agencies of the training system;

24 (9) Establish minimum standards for program evaluation for the
25 operating agencies of the state training system, including, but not
26 limited to, the use of common survey instruments and procedures for
27 measuring perceptions of program participants and employers of program
28 participants, and monitor such program evaluation;

29 (10) Every two years administer scientifically based outcome
30 evaluations of the state training system, including, but not limited
31 to, surveys of program participants, surveys of employers of program
32 participants, and matches with employment security department payroll
33 and wage files. Every five years administer scientifically based net-
34 impact and cost-benefit evaluations of the state training system;

35 (11) In cooperation with the employment security department,
36 provide for the improvement and maintenance of quality and utility in
37 occupational information and forecasts for use in training system
38 planning and evaluation. Improvements shall include, but not be

1 limited to, development of state-based occupational change factors
2 involving input by employers and employees, and delineation of skill
3 and training requirements by education level associated with current
4 and forecasted occupations;

5 (12) Provide for the development of common course description
6 formats, common reporting requirements, and common definitions for
7 operating agencies of the training system;

8 (13) Provide for effectiveness and efficiency reviews of the state
9 training system;

10 (14) In cooperation with the student achievement council,
11 facilitate transfer of credit policies and agreements between
12 institutions of the state training system, and encourage articulation
13 agreements for programs encompassing two years of secondary workforce
14 education and two years of postsecondary workforce education;

15 (15) In cooperation with the student achievement council,
16 facilitate transfer of credit policies and agreements between private
17 training institutions and institutions of the state training system;

18 (16) Develop policy objectives for the workforce investment act,
19 P.L. 105-220, or its successor; develop coordination criteria for
20 activities under the act with related programs and services provided by
21 state and local education and training agencies; and ensure that
22 entrepreneurial training opportunities are available through programs
23 of each local workforce investment board in the state;

24 (17) Make recommendations to the commission of student assessment,
25 the state board of education, and the superintendent of public
26 instruction, concerning basic skill competencies and essential core
27 competencies for K-12 education. Basic skills for this purpose shall
28 be reading, writing, computation, speaking, and critical thinking,
29 essential core competencies for this purpose shall be English, math,
30 science/technology, history, geography, and critical thinking. The
31 board shall monitor the development of and provide advice concerning
32 secondary curriculum which integrates vocational and academic
33 education;

34 (18) Establish and administer programs for marketing and outreach
35 to businesses and potential program participants;

36 (19) Facilitate the location of support services, including but not
37 limited to, child care, financial aid, career counseling, and job

1 placement services, for students and trainees at institutions in the
2 state training system, and advocate for support services for trainees
3 and students in the state training system;

4 (20) Facilitate private sector assistance for the state training
5 system, including but not limited to: Financial assistance, rotation
6 of private and public personnel, and vocational counseling;

7 (21) Facilitate the development of programs for school-to-work
8 transition that combine classroom education and on-the-job training,
9 including entrepreneurial education and training, in industries and
10 occupations without a significant number of apprenticeship programs;

11 (22) Include in the planning requirements for local workforce
12 investment boards a requirement that the local workforce investment
13 boards specify how entrepreneurial training is to be offered through
14 the one-stop system required under the workforce investment act, P.L.
15 105-220, or its successor;

16 (23) Encourage and assess progress for the equitable representation
17 of racial and ethnic minorities, women, and people with disabilities
18 among the students, teachers, and administrators of the state training
19 system. Equitable, for this purpose, shall mean substantially
20 proportional to their percentage of the state population in the
21 geographic area served. This function of the board shall in no way
22 lessen more stringent state or federal requirements for representation
23 of racial and ethnic minorities, women, and people with disabilities;

24 (24) Participate in the planning and policy development of governor
25 set-aside grants under P.L. 97-300, as amended;

26 (25) Administer veterans' programs, licensure of private vocational
27 schools, the job skills program, and the Washington award for
28 vocational excellence;

29 (26) Allocate funding from the state job training trust fund;

30 (27) Work with the director of commerce (~~(and the economic~~
31 ~~development commission))~~) to ensure coordination among workforce
32 training priorities (~~(, the long term economic development strategy of~~
33 ~~the economic development commission,))~~) and economic development and
34 entrepreneurial development efforts, including but not limited to
35 assistance to industry clusters;

36 (28) Conduct research into workforce development programs designed
37 to reduce the high unemployment rate among young people between
38 approximately eighteen and twenty-four years of age. In consultation

1 with the operating agencies, the board shall advise the governor and
2 legislature on policies and programs to alleviate the high unemployment
3 rate among young people. The research shall include disaggregated
4 demographic information and, to the extent possible, income data for
5 adult youth. The research shall also include a comparison of the
6 effectiveness of programs examined as a part of the research conducted
7 in this subsection in relation to the public investment made in these
8 programs in reducing unemployment of young adults. The board shall
9 report to the appropriate committees of the legislature by November 15,
10 2008, and every two years thereafter. Where possible, the data
11 reported to the legislative committees should be reported in numbers
12 and in percentages;

13 (29) Adopt rules as necessary to implement this chapter.

14 The board may delegate to the director any of the functions of this
15 section.

16 **Sec. 104.** RCW 28C.18.080 and 2009 c 421 s 6, 2009 c 151 s 7, and
17 2009 c 92 s 1 are each reenacted and amended to read as follows:

18 (1) The board shall develop a state comprehensive plan for
19 workforce training and education for a ten-year time period. The board
20 shall submit the ten-year state comprehensive plan to the governor and
21 the appropriate legislative policy committees. Every four years by
22 December 1st, beginning December 1, 2012, the board shall submit an
23 update of the ten-year state comprehensive plan for workforce training
24 and education to the governor and the appropriate legislative policy
25 committees. Following public hearings, the legislature shall, by
26 concurrent resolution, approve or recommend changes to the initial plan
27 and the updates. The plan shall then become the state's workforce
28 training policy unless legislation is enacted to alter the policies set
29 forth in the plan.

30 (2) The comprehensive plan shall include workforce training role
31 and mission statements for the workforce development programs of
32 operating agencies represented on the board and sufficient specificity
33 regarding expected actions by the operating agencies to allow them to
34 carry out actions consistent with the comprehensive plan.

35 (3) Operating agencies represented on the board shall have
36 operating plans for their workforce development efforts that are
37 consistent with the comprehensive plan and that provide detail on

1 implementation steps they will take to carry out their responsibilities
2 under the plan. Each operating agency represented on the board shall
3 provide an annual progress report to the board.

4 (4) The comprehensive plan shall include recommendations to the
5 legislature and the governor on the modification, consolidation,
6 initiation, or elimination of workforce training and education programs
7 in the state.

8 (5) The comprehensive plan shall identify the strategic industry
9 clusters targeted by the workforce development system. In identifying
10 the strategic clusters, the board shall consult with the (~~economic
11 development commission~~) department of commerce to identify clusters
12 that meet the criteria identified by the working group convened by the
13 (~~economic development commission~~) department of commerce and the
14 workforce training and education coordinating board under RCW
15 43.330.280.

16 (6) The board shall report to the appropriate legislative policy
17 committees by December 1st of each year on its progress in implementing
18 the comprehensive plan and on the progress of the operating agencies in
19 meeting their obligations under the plan.

20 **Sec. 105.** RCW 39.102.040 and 2007 c 229 s 2 are each amended to
21 read as follows:

22 (1) Prior to applying to the board to use local infrastructure
23 financing, a sponsoring local government shall:

24 (a) Designate a revenue development area within the limitations in
25 RCW 39.102.060;

26 (b) Certify that the conditions in RCW 39.102.070 are met;

27 (c) Complete the process in RCW 39.102.080;

28 (d) Provide public notice as required in RCW 39.102.100; and

29 (e) Pass an ordinance adopting the revenue development area as
30 required in RCW 39.102.090.

31 (2) Any local government that has created an increment area under
32 chapter 39.89 RCW and has not issued bonds to finance any public
33 improvement may apply to the board and have its increment area
34 considered for approval as a revenue development area under this
35 chapter without adopting a new revenue development area under RCW
36 39.102.090 and 39.102.100 if it amends its ordinance to comply with RCW

1 39.102.090(1) and otherwise meets the conditions and limitations under
2 this chapter.

3 (3) As a condition to imposing a sales and use tax under RCW
4 82.14.475, a sponsoring local government, including any cosponsoring
5 local government seeking authority to impose a sales and use tax under
6 RCW 82.14.475, must apply to the board and be approved for a project
7 award amount. The application shall be in a form and manner prescribed
8 by the board and include but not be limited to information establishing
9 that the applicant is an eligible candidate to impose the local sales
10 and use tax under RCW 82.14.475, the anticipated effective date for
11 imposing the tax, the estimated number of years that the tax will be
12 imposed, and the estimated amount of tax revenue to be received in each
13 fiscal year that the tax will be imposed. The board shall make
14 available forms to be used for this purpose. As part of the
15 application, each applicant must provide to the board a copy of the
16 ordinance or ordinances creating the revenue development area as
17 required in RCW 39.102.090. A notice of approval to use local
18 infrastructure financing shall contain a project award that represents
19 the maximum amount of state contribution that the applicant, including
20 any cosponsoring local governments, can earn each year that local
21 infrastructure financing is used. The total of all project awards
22 shall not exceed the annual state contribution limit. The
23 determination of a project award shall be made based on information
24 contained in the application and the remaining amount of annual state
25 contribution limit to be awarded. Determination of a project award by
26 the board is final.

27 (4)(a) Sponsoring local governments, and any cosponsoring local
28 governments, applying in calendar year 2007 for a competitive project
29 award, must submit completed applications to the board no later than
30 July 1, 2007. By September 15, 2007, in consultation with the
31 department of revenue and the department of (~~community, trade, and~~
32 ~~economic development~~) commerce, the board shall approve competitive
33 project awards from competitive applications submitted by the 2007
34 deadline. No more than two million five hundred thousand dollars in
35 competitive project awards shall be approved in 2007. For projects not
36 approved by the board in 2007, sponsoring and cosponsoring local
37 governments may apply again to the board in 2008 for approval of a
38 project.

1 (b) Sponsoring local governments, and any cosponsoring local
2 governments, applying in calendar year 2008 for a competitive project
3 award, must submit completed applications to the board no later than
4 July 1, 2008. By September 18, 2008, in consultation with the
5 department of revenue and the department of (~~community, trade, and~~
6 ~~economic development~~) commerce, the board shall approve competitive
7 project awards from competitive applications submitted by the 2008
8 deadline.

9 (c) Except as provided in RCW 39.102.050(2), a total of no more
10 than five million dollars in competitive project awards shall be
11 approved for local infrastructure financing.

12 (d) The project selection criteria and weighting developed prior to
13 July 22, 2007, for the application evaluation and approval process
14 shall apply to applications received prior to November 1, 2007. In
15 evaluating applications for a competitive project award after November
16 1, 2007, the board shall (~~, in consultation with the Washington state~~
17 ~~economic development commission,~~) develop the relative weight to be
18 assigned to the following criteria:

19 (i) The project's potential to enhance the sponsoring local
20 government's regional and/or international competitiveness;

21 (ii) The project's ability to encourage mixed use and transit-
22 oriented development and the redevelopment of a geographic area;

23 (iii) Achieving an overall distribution of projects statewide that
24 reflect geographic diversity;

25 (iv) The estimated wages and benefits for the project is greater
26 than the average labor market area;

27 (v) The estimated state and local net employment change over the
28 life of the project;

29 (vi) The current economic health and vitality of the proposed
30 revenue development area and the contiguous community and the estimated
31 impact of the proposed project on the proposed revenue development area
32 and contiguous community;

33 (vii) The estimated state and local net property tax change over
34 the life of the project;

35 (viii) The estimated state and local sales and use tax increase
36 over the life of the project;

37 (ix) An analysis that shows that, over the life of the project,
38 neither the local excise tax allocation revenues nor the local property

1 tax allocation revenues will constitute more than eighty percent of the
2 total local funds as described in RCW 39.102.020(~~((29)(e))~~) (29)(b);
3 and

4 (x) If a project is located within an urban growth area, evidence
5 that the project utilizes existing urban infrastructure and that the
6 transportation needs of the project will be adequately met through the
7 use of local infrastructure financing or other sources.

8 (e)(i) Except as provided in this subsection (4)(e), the board may
9 not approve the use of local infrastructure financing within more than
10 one revenue development area per county.

11 (ii) In a county in which the board has approved the use of local
12 infrastructure financing, the use of such financing in additional
13 revenue development areas may be approved, subject to the following
14 conditions:

15 (A) The sponsoring local government is located in more than one
16 county; and

17 (B) The sponsoring local government designates a revenue
18 development area that comprises portions of a county within which the
19 use of local infrastructure financing has not yet been approved.

20 (iii) In a county where the local infrastructure financing tool is
21 authorized under RCW 39.102.050, the board may approve additional use
22 of the local infrastructure financing tool.

23 (5) Once the board has approved the sponsoring local government,
24 and any cosponsoring local governments, to use local infrastructure
25 financing, notification must be sent by the board to the sponsoring
26 local government, and any cosponsoring local governments, authorizing
27 the sponsoring local government, and any cosponsoring local
28 governments, to impose the local sales and use tax authorized under RCW
29 82.14.475, subject to the conditions in RCW 82.14.475.

30 **Sec. 106.** RCW 43.84.092 and 2013 2nd sp.s. c 23 s 24 and 2013 2nd
31 sp.s. c 11 s 15 are each reenacted and amended to read as follows:

32 (1) All earnings of investments of surplus balances in the state
33 treasury shall be deposited to the treasury income account, which
34 account is hereby established in the state treasury.

35 (2) The treasury income account shall be utilized to pay or receive
36 funds associated with federal programs as required by the federal cash
37 management improvement act of 1990. The treasury income account is

1 subject in all respects to chapter 43.88 RCW, but no appropriation is
2 required for refunds or allocations of interest earnings required by
3 the cash management improvement act. Refunds of interest to the
4 federal treasury required under the cash management improvement act
5 fall under RCW 43.88.180 and shall not require appropriation. The
6 office of financial management shall determine the amounts due to or
7 from the federal government pursuant to the cash management improvement
8 act. The office of financial management may direct transfers of funds
9 between accounts as deemed necessary to implement the provisions of the
10 cash management improvement act, and this subsection. Refunds or
11 allocations shall occur prior to the distributions of earnings set
12 forth in subsection (4) of this section.

13 (3) Except for the provisions of RCW 43.84.160, the treasury income
14 account may be utilized for the payment of purchased banking services
15 on behalf of treasury funds including, but not limited to, depository,
16 safekeeping, and disbursement functions for the state treasury and
17 affected state agencies. The treasury income account is subject in all
18 respects to chapter 43.88 RCW, but no appropriation is required for
19 payments to financial institutions. Payments shall occur prior to
20 distribution of earnings set forth in subsection (4) of this section.

21 (4) Monthly, the state treasurer shall distribute the earnings
22 credited to the treasury income account. The state treasurer shall
23 credit the general fund with all the earnings credited to the treasury
24 income account except:

25 (a) The following accounts and funds shall receive their
26 proportionate share of earnings based upon each account's and fund's
27 average daily balance for the period: The aeronautics account, the
28 aircraft search and rescue account, the Alaskan Way viaduct replacement
29 project account, the brownfield redevelopment trust fund account, the
30 budget stabilization account, the capital vessel replacement account,
31 the capitol building construction account, the Cedar River channel
32 construction and operation account, the Central Washington University
33 capital projects account, the charitable, educational, penal and
34 reformatory institutions account, the cleanup settlement account, the
35 Columbia river basin water supply development account, the Columbia
36 river basin taxable bond water supply development account, the Columbia
37 river basin water supply revenue recovery account, the common school
38 construction fund, the county arterial preservation account, the county

1 criminal justice assistance account, the deferred compensation
2 administrative account, the deferred compensation principal account,
3 the department of licensing services account, the department of
4 retirement systems expense account, the developmental disabilities
5 community trust account, the drinking water assistance account, the
6 drinking water assistance administrative account, the drinking water
7 assistance repayment account, the Eastern Washington University capital
8 projects account, the Interstate 405 express toll lanes operations
9 account, the education construction fund, the education legacy trust
10 account, the election account, the energy freedom account, the energy
11 recovery act account, the essential rail assistance account, The
12 Evergreen State College capital projects account, the federal forest
13 revolving account, the ferry bond retirement fund, the freight mobility
14 investment account, the freight mobility multimodal account, the grade
15 crossing protective fund, the public health services account, the high
16 capacity transportation account, the state higher education
17 construction account, the higher education construction account, the
18 highway bond retirement fund, the highway infrastructure account, the
19 highway safety fund, the high occupancy toll lanes operations account,
20 the hospital safety net assessment fund, the industrial insurance
21 premium refund account, the judges' retirement account, the judicial
22 retirement administrative account, the judicial retirement principal
23 account, the local leasehold excise tax account, the local real estate
24 excise tax account, the local sales and use tax account, the marine
25 resources stewardship trust account, the medical aid account, the
26 mobile home park relocation fund, the motor vehicle fund, the
27 motorcycle safety education account, the multimodal transportation
28 account, the multiuse roadway safety account, the municipal criminal
29 justice assistance account, the natural resources deposit account, the
30 oyster reserve land account, the pension funding stabilization account,
31 the perpetual surveillance and maintenance account, the public
32 employees' retirement system plan 1 account, the public employees'
33 retirement system combined plan 2 and plan 3 account, the public
34 facilities construction loan revolving account beginning July 1, 2004,
35 the public health supplemental account, the public works assistance
36 account, the Puget Sound capital construction account, the Puget Sound
37 ferry operations account, the real estate appraiser commission account,
38 the recreational vehicle account, the regional mobility grant program

1 account, the resource management cost account, the rural arterial trust
2 account, the rural mobility grant program account, the rural Washington
3 loan fund, the site closure account, the skilled nursing facility
4 safety net trust fund, the small city pavement and sidewalk account,
5 the special category C account, the special wildlife account, the state
6 employees' insurance account, the state employees' insurance reserve
7 account, the state investment board expense account, the state
8 investment board commingled trust fund accounts, the state patrol
9 highway account, the state route number 520 civil penalties account,
10 the state route number 520 corridor account, the state wildlife
11 account, the supplemental pension account, the Tacoma Narrows toll
12 bridge account, the teachers' retirement system plan 1 account, the
13 teachers' retirement system combined plan 2 and plan 3 account, the
14 tobacco prevention and control account, the tobacco settlement account,
15 the toll facility bond retirement account, the transportation 2003
16 account (nickel account), the transportation equipment fund, the
17 transportation fund, the transportation improvement account, the
18 transportation improvement board bond retirement account, the
19 transportation infrastructure account, the transportation partnership
20 account, the traumatic brain injury account, the tuition recovery trust
21 fund, the University of Washington bond retirement fund, the University
22 of Washington building account, the volunteer firefighters' and reserve
23 officers' relief and pension principal fund, the volunteer
24 firefighters' and reserve officers' administrative fund, the Washington
25 judicial retirement system account, the Washington law enforcement
26 officers' and firefighters' system plan 1 retirement account, the
27 Washington law enforcement officers' and firefighters' system plan 2
28 retirement account, the Washington public safety employees' plan 2
29 retirement account, the Washington school employees' retirement system
30 combined plan 2 and 3 account, (~~the Washington state economic
31 development commission account,~~) the Washington state health insurance
32 pool account, the Washington state patrol retirement account, the
33 Washington State University building account, the Washington State
34 University bond retirement fund, the water pollution control revolving
35 administration account, the water pollution control revolving fund, the
36 Western Washington University capital projects account, the Yakima
37 integrated plan implementation account, the Yakima integrated plan
38 implementation revenue recovery account, and the Yakima integrated plan

1 implementation taxable bond account. Earnings derived from investing
2 balances of the agricultural permanent fund, the normal school
3 permanent fund, the permanent common school fund, the scientific
4 permanent fund, the state university permanent fund, and the state
5 reclamation revolving account shall be allocated to their respective
6 beneficiary accounts.

7 (b) Any state agency that has independent authority over accounts
8 or funds not statutorily required to be held in the state treasury that
9 deposits funds into a fund or account in the state treasury pursuant to
10 an agreement with the office of the state treasurer shall receive its
11 proportionate share of earnings based upon each account's or fund's
12 average daily balance for the period.

13 (5) In conformance with Article II, section 37 of the state
14 Constitution, no treasury accounts or funds shall be allocated earnings
15 without the specific affirmative directive of this section.

16 **Sec. 107.** RCW 43.84.092 and 2013 2nd sp.s. c 23 s 25 and 2013 2nd
17 sp.s. c 11 s 16 are each reenacted and amended to read as follows:

18 (1) All earnings of investments of surplus balances in the state
19 treasury shall be deposited to the treasury income account, which
20 account is hereby established in the state treasury.

21 (2) The treasury income account shall be utilized to pay or receive
22 funds associated with federal programs as required by the federal cash
23 management improvement act of 1990. The treasury income account is
24 subject in all respects to chapter 43.88 RCW, but no appropriation is
25 required for refunds or allocations of interest earnings required by
26 the cash management improvement act. Refunds of interest to the
27 federal treasury required under the cash management improvement act
28 fall under RCW 43.88.180 and shall not require appropriation. The
29 office of financial management shall determine the amounts due to or
30 from the federal government pursuant to the cash management improvement
31 act. The office of financial management may direct transfers of funds
32 between accounts as deemed necessary to implement the provisions of the
33 cash management improvement act, and this subsection. Refunds or
34 allocations shall occur prior to the distributions of earnings set
35 forth in subsection (4) of this section.

36 (3) Except for the provisions of RCW 43.84.160, the treasury income
37 account may be utilized for the payment of purchased banking services

1 on behalf of treasury funds including, but not limited to, depository,
2 safekeeping, and disbursement functions for the state treasury and
3 affected state agencies. The treasury income account is subject in all
4 respects to chapter 43.88 RCW, but no appropriation is required for
5 payments to financial institutions. Payments shall occur prior to
6 distribution of earnings set forth in subsection (4) of this section.

7 (4) Monthly, the state treasurer shall distribute the earnings
8 credited to the treasury income account. The state treasurer shall
9 credit the general fund with all the earnings credited to the treasury
10 income account except:

11 (a) The following accounts and funds shall receive their
12 proportionate share of earnings based upon each account's and fund's
13 average daily balance for the period: The aeronautics account, the
14 aircraft search and rescue account, the Alaskan Way viaduct replacement
15 project account, the brownfield redevelopment trust fund account, the
16 budget stabilization account, the capital vessel replacement account,
17 the capitol building construction account, the Cedar River channel
18 construction and operation account, the Central Washington University
19 capital projects account, the charitable, educational, penal and
20 reformatory institutions account, the cleanup settlement account, the
21 Columbia river basin water supply development account, the Columbia
22 river basin taxable bond water supply development account, the Columbia
23 river basin water supply revenue recovery account, the Columbia river
24 crossing project account, the common school construction fund, the
25 county arterial preservation account, the county criminal justice
26 assistance account, the deferred compensation administrative account,
27 the deferred compensation principal account, the department of
28 licensing services account, the department of retirement systems
29 expense account, the developmental disabilities community trust
30 account, the drinking water assistance account, the drinking water
31 assistance administrative account, the drinking water assistance
32 repayment account, the Eastern Washington University capital projects
33 account, the Interstate 405 express toll lanes operations account, the
34 education construction fund, the education legacy trust account, the
35 election account, the energy freedom account, the energy recovery act
36 account, the essential rail assistance account, The Evergreen State
37 College capital projects account, the federal forest revolving account,
38 the ferry bond retirement fund, the freight mobility investment

1 account, the freight mobility multimodal account, the grade crossing
2 protective fund, the public health services account, the high capacity
3 transportation account, the state higher education construction
4 account, the higher education construction account, the highway bond
5 retirement fund, the highway infrastructure account, the highway safety
6 fund, the high occupancy toll lanes operations account, the hospital
7 safety net assessment fund, the industrial insurance premium refund
8 account, the judges' retirement account, the judicial retirement
9 administrative account, the judicial retirement principal account, the
10 local leasehold excise tax account, the local real estate excise tax
11 account, the local sales and use tax account, the marine resources
12 stewardship trust account, the medical aid account, the mobile home
13 park relocation fund, the motor vehicle fund, the motorcycle safety
14 education account, the multimodal transportation account, the multiuse
15 roadway safety account, the municipal criminal justice assistance
16 account, the natural resources deposit account, the oyster reserve land
17 account, the pension funding stabilization account, the perpetual
18 surveillance and maintenance account, the public employees' retirement
19 system plan 1 account, the public employees' retirement system combined
20 plan 2 and plan 3 account, the public facilities construction loan
21 revolving account beginning July 1, 2004, the public health
22 supplemental account, the public works assistance account, the Puget
23 Sound capital construction account, the Puget Sound ferry operations
24 account, the real estate appraiser commission account, the recreational
25 vehicle account, the regional mobility grant program account, the
26 resource management cost account, the rural arterial trust account, the
27 rural mobility grant program account, the rural Washington loan fund,
28 the site closure account, the skilled nursing facility safety net trust
29 fund, the small city pavement and sidewalk account, the special
30 category C account, the special wildlife account, the state employees'
31 insurance account, the state employees' insurance reserve account, the
32 state investment board expense account, the state investment board
33 commingled trust fund accounts, the state patrol highway account, the
34 state route number 520 civil penalties account, the state route number
35 520 corridor account, the state wildlife account, the supplemental
36 pension account, the Tacoma Narrows toll bridge account, the teachers'
37 retirement system plan 1 account, the teachers' retirement system
38 combined plan 2 and plan 3 account, the tobacco prevention and control

1 account, the tobacco settlement account, the toll facility bond
2 retirement account, the transportation 2003 account (nickel account),
3 the transportation equipment fund, the transportation fund, the
4 transportation improvement account, the transportation improvement
5 board bond retirement account, the transportation infrastructure
6 account, the transportation partnership account, the traumatic brain
7 injury account, the tuition recovery trust fund, the University of
8 Washington bond retirement fund, the University of Washington building
9 account, the volunteer firefighters' and reserve officers' relief and
10 pension principal fund, the volunteer firefighters' and reserve
11 officers' administrative fund, the Washington judicial retirement
12 system account, the Washington law enforcement officers' and
13 firefighters' system plan 1 retirement account, the Washington law
14 enforcement officers' and firefighters' system plan 2 retirement
15 account, the Washington public safety employees' plan 2 retirement
16 account, the Washington school employees' retirement system combined
17 plan 2 and 3 account, (~~the Washington state economic development~~
18 ~~commission account,~~) the Washington state health insurance pool
19 account, the Washington state patrol retirement account, the Washington
20 State University building account, the Washington State University bond
21 retirement fund, the water pollution control revolving administration
22 account, the water pollution control revolving fund, the Western
23 Washington University capital projects account, the Yakima integrated
24 plan implementation account, the Yakima integrated plan implementation
25 revenue recovery account, and the Yakima integrated plan implementation
26 taxable bond account. Earnings derived from investing balances of the
27 agricultural permanent fund, the normal school permanent fund, the
28 permanent common school fund, the scientific permanent fund, the state
29 university permanent fund, and the state reclamation revolving account
30 shall be allocated to their respective beneficiary accounts.

31 (b) Any state agency that has independent authority over accounts
32 or funds not statutorily required to be held in the state treasury that
33 deposits funds into a fund or account in the state treasury pursuant to
34 an agreement with the office of the state treasurer shall receive its
35 proportionate share of earnings based upon each account's or fund's
36 average daily balance for the period.

37 (5) In conformance with Article II, section 37 of the state

1 Constitution, no treasury accounts or funds shall be allocated earnings
2 without the specific affirmative directive of this section.

3 **Sec. 108.** RCW 43.160.060 and 2012 c 196 s 10 are each amended to
4 read as follows:

5 (1) The board is authorized to make direct loans to political
6 subdivisions of the state and to federally recognized Indian tribes for
7 the purposes of assisting the political subdivisions and federally
8 recognized Indian tribes in financing the cost of public facilities,
9 including development of land and improvements for public facilities,
10 project-specific environmental, capital facilities, land use,
11 permitting, feasibility, and marketing studies and plans; project
12 design, site planning, and analysis; project debt and revenue impact
13 analysis; as well as the construction, rehabilitation, alteration,
14 expansion, or improvement of the facilities. A grant may also be
15 authorized for purposes designated in this chapter, but only when, and
16 to the extent that, a loan is not reasonably possible, given the
17 limited resources of the political subdivision or the federally
18 recognized Indian tribe and the finding by the board that financial
19 circumstances require grant assistance to enable the project to move
20 forward. However, no more than twenty-five percent of all financial
21 assistance approved by the board in any biennium may consist of grants
22 to political subdivisions and federally recognized Indian tribes.

23 (2) Application for funds must be made in the form and manner as
24 the board may prescribe. In making grants or loans the board must
25 conform to the following requirements:

- 26 (a) The board may not provide financial assistance:
 - 27 (i) For a project the primary purpose of which is to facilitate or
 - 28 promote a retail shopping development or expansion.
 - 29 (ii) For any project that evidence exists would result in a
 - 30 development or expansion that would displace existing jobs in any other
 - 31 community in the state.
 - 32 (iii) For a project the primary purpose of which is to facilitate
 - 33 or promote gambling.
 - 34 (iv) For a project located outside the jurisdiction of the
 - 35 applicant political subdivision or federally recognized Indian tribe.
- 36 (b) The board may only provide financial assistance:

1 (i) For a project demonstrating convincing evidence that a specific
2 private development or expansion is ready to occur and will occur only
3 if the public facility improvement is made that:

4 (A) Results in the creation of significant private sector jobs or
5 significant private sector capital investment as determined by the
6 board (~~and is consistent with the state comprehensive economic~~
7 ~~development plan developed by the Washington economic development~~
8 ~~commission pursuant to chapter 43.162 RCW, once the plan is adopted~~);
9 and

10 (B) Will improve the opportunities for the successful maintenance,
11 establishment, or expansion of industrial or commercial plants or will
12 otherwise assist in the creation or retention of long-term economic
13 opportunities;

14 (ii) For a project that cannot meet the requirement of (b)(i) of
15 this subsection but is a project that:

16 (A) Results in the creation of significant private sector jobs or
17 significant private sector capital investment as determined by the
18 board (~~and is consistent with the state comprehensive economic~~
19 ~~development plan developed by the Washington economic development~~
20 ~~commission pursuant to chapter 43.162 RCW, once the plan is adopted~~);

21 (B) Is part of a local economic development plan consistent with
22 applicable state planning requirements;

23 (C) Can demonstrate project feasibility using standard economic
24 principles; and

25 (D) Is located in a rural community as defined by the board, or a
26 rural county;

27 (iii) For site-specific plans, studies, and analyses that address
28 environmental impacts, capital facilities, land use, permitting,
29 feasibility, marketing, project engineering, design, site planning, and
30 project debt and revenue impacts, as grants not to exceed fifty
31 thousand dollars.

32 (c) The board must develop guidelines for local participation and
33 allowable match and activities.

34 (d) An application must demonstrate local match and local
35 participation, in accordance with guidelines developed by the board.

36 (e) An application must be approved by the political subdivision
37 and supported by the local associate development organization or local

1 workforce development council or approved by the governing body of the
2 federally recognized Indian tribe.

3 (f) The board may allow de minimis general system improvements to
4 be funded if they are critically linked to the viability of the
5 project.

6 (g) An application must demonstrate convincing evidence that the
7 median hourly wage of the private sector jobs created after the project
8 is completed will exceed the countywide median hourly wage.

9 (h) The board must prioritize each proposed project according to:

10 (i) The relative benefits provided to the community by the jobs the
11 project would create, not just the total number of jobs it would create
12 after the project is completed, but also giving consideration to the
13 unemployment rate in the area in which the jobs would be located;

14 (ii) The rate of return of the state's investment, including, but
15 not limited to, the leveraging of private sector investment,
16 anticipated job creation and retention, and expected increases in state
17 and local tax revenues associated with the project;

18 (iii) Whether the proposed project offers a health insurance plan
19 for employees that includes an option for dependents of employees;

20 (iv) Whether the public facility investment will increase existing
21 capacity necessary to accommodate projected population and employment
22 growth in a manner that supports infill and redevelopment of existing
23 urban or industrial areas that are served by adequate public
24 facilities. Projects should maximize the use of existing
25 infrastructure and provide for adequate funding of necessary
26 transportation improvements;

27 (v) Whether the applicant's permitting process has been certified
28 as streamlined by the office of regulatory assistance; and

29 (vi) Whether the applicant has developed and adhered to guidelines
30 regarding its permitting process for those applying for development
31 permits consistent with section 1(2), chapter 231, Laws of 2007.

32 (i) A responsible official of the political subdivision or the
33 federally recognized Indian tribe must be present during board
34 deliberations and provide information that the board requests.

35 (3) Before any financial assistance application is approved, the
36 political subdivision or the federally recognized Indian tribe seeking
37 the assistance must demonstrate to the community economic

1 revitalization board that no other timely source of funding is
2 available to it at costs reasonably similar to financing available from
3 the community economic revitalization board.

4 **Sec. 109.** RCW 43.160.900 and 2008 c 327 s 9 are each amended to
5 read as follows:

6 (1) The community economic revitalization board shall conduct
7 biennial outcome-based evaluations of the financial assistance provided
8 under this chapter. The evaluations shall include information on the
9 number of applications for community economic revitalization board
10 assistance; the number and types of projects approved; the grant or
11 loan amount awarded each project; the projected number of jobs created
12 or retained by each project; the actual number and cost of jobs created
13 or retained by each project; the wages and health benefits associated
14 with the jobs; the amount of state funds and total capital invested in
15 projects; the number and types of businesses assisted by funded
16 projects; the location of funded projects; the transportation
17 infrastructure available for completed projects; the local match and
18 local participation obtained; the number of delinquent loans; and the
19 number of project terminations. The evaluations may also include
20 additional performance measures and recommendations for programmatic
21 changes.

22 ~~(2)((a) By September 1st of each even-numbered year, the board
23 shall forward its draft evaluation to the Washington state economic
24 development commission for review and comment, as required in section
25 10 of this act. The board shall provide any additional information as
26 may be requested by the commission for the purpose of its review.~~

27 ~~(b) Any written comments or recommendations provided by the
28 commission as a result of its review shall be included in the board's
29 completed evaluation.))~~ The evaluation must be presented to the
30 governor and appropriate committees of the legislature by December 31st
31 of each even-numbered year. The initial evaluation must be submitted
32 by December 31, 2010.

33 **Sec. 110.** RCW 43.330.050 and 2005 c 136 s 12 are each amended to
34 read as follows:

35 The department shall be responsible for promoting community and
36 economic development within the state by assisting the state's

1 communities to increase the quality of life of their citizens and their
2 economic vitality, and by assisting the state's businesses to maintain
3 and increase their economic competitiveness, while maintaining a
4 healthy environment. Community and economic development efforts shall
5 include: Efforts to increase economic opportunity; local planning to
6 manage growth; the promotion and provision of affordable housing and
7 housing-related services; providing public infrastructure; business and
8 trade development; assisting firms and industrial sectors to increase
9 their competitiveness; fostering the development of minority and women-
10 owned businesses; facilitating technology development, transfer, and
11 diffusion; community services and advocacy for low-income persons; and
12 public safety efforts. The department shall have the following general
13 functions and responsibilities:

14 (1) Provide advisory assistance to the governor, other state
15 agencies, and the legislature on community and economic development
16 matters and issues;

17 (2) Assist the governor in coordinating the activities of state
18 agencies that have an impact on local government and communities;

19 (3) Cooperate with ~~((the Washington state economic development
20 commission,))~~ the legislature~~((,))~~ and the governor in the development
21 and implementation of strategic plans for the state's community and
22 economic development efforts;

23 (4) Solicit private and federal grants for economic and community
24 development programs and administer such programs in conjunction with
25 other programs assigned to the department by the governor or the
26 legislature;

27 (5) Cooperate with and provide technical and financial assistance
28 to local governments, businesses, and community-based organizations
29 serving the communities of the state for the purpose of aiding and
30 encouraging orderly, productive, and coordinated development of the
31 state, and, unless stipulated otherwise, give additional consideration
32 to local communities and individuals with the greatest relative need
33 and the fewest resources;

34 (6) Participate with other states or subdivisions thereof in
35 interstate programs and assist cities, counties, municipal
36 corporations, governmental conferences or councils, and regional
37 planning commissions to participate with other states and provinces or
38 their subdivisions;

1 (7) Hold public hearings and meetings to carry out the purposes of
2 this chapter;

3 (8) Conduct research and analysis in furtherance of the state's
4 economic and community development efforts including maintenance of
5 current information on market, demographic, and economic trends as they
6 affect different industrial sectors, geographic regions, and
7 communities with special economic and social problems in the state; and

8 (9) Develop a schedule of fees for services where appropriate.

9 **Sec. 111.** RCW 43.330.080 and 2012 c 195 s 1 are each amended to
10 read as follows:

11 (1)(a) The department must contract with county-designated
12 associate development organizations to increase the support for and
13 coordination of community and economic development services in
14 communities or regional areas. The contracting organizations in each
15 community or regional area must:

16 (i) Be broadly representative of community and economic interests;

17 (ii) Be capable of identifying key economic and community
18 development problems, developing appropriate solutions, and mobilizing
19 broad support for recommended initiatives;

20 (iii) Work closely with the department to carry out state-
21 identified economic development priorities;

22 (iv) Work with and include local governments, local chambers of
23 commerce, workforce development councils, port districts, labor groups,
24 institutions of higher education, community action programs, and other
25 appropriate private, public, or nonprofit community and economic
26 development groups; and

27 (v) Meet and share best practices with other associate development
28 organizations at least two times each year.

29 (b) The scope of services delivered under the contracts required in
30 (a) of this subsection must include two broad areas of work:

31 (i) Direct assistance, including business planning, to companies
32 throughout the county who need support to stay in business, expand, or
33 relocate to Washington from out of state or other countries.
34 Assistance must comply with business recruitment and retention
35 protocols established in RCW 43.330.062, and includes:

36 (A) Working with the appropriate partners throughout the county
37 including, but not limited to, local governments, workforce development

1 councils, port districts, community and technical colleges and higher
2 education institutions, export assistance providers, impact Washington,
3 the Washington state quality award council, small business assistance
4 programs, innovation partnership zones, and other federal, state, and
5 local programs to facilitate the alignment of planning efforts and the
6 seamless delivery of business support services within the entire
7 county;

8 (B) Providing information on state and local permitting processes,
9 tax issues, export assistance, and other essential information for
10 operating, expanding, or locating a business in Washington;

11 (C) Marketing Washington and local areas as excellent locations to
12 expand or relocate a business and positioning Washington as a globally
13 competitive place to grow business, which may include developing and
14 executing regional plans to attract companies from out of state;

15 (D) Working with businesses on site location and selection
16 assistance;

17 (E) Providing business retention and expansion services throughout
18 the county. Such services must include, but are not limited to,
19 business outreach and monitoring efforts to identify and address
20 challenges and opportunities faced by businesses, assistance to trade
21 impacted businesses in applying for grants from the federal trade
22 adjustment assistance for firms program, and the provision of
23 information to businesses on:

24 (I) Resources available for microenterprise development;

25 (II) Resources available on the revitalization of commercial
26 districts; and

27 (III) The opportunity to maintain jobs through shared work programs
28 authorized under chapter 50.60 RCW;

29 (F) Participating in economic development system-wide discussions
30 regarding gaps in business start-up assistance in Washington;

31 (G) Providing or facilitating the provision of export assistance
32 through workshops or one-on-one assistance; and

33 (H) Using a web-based information system to track data on business
34 recruitment, retention, expansion, and trade; and

35 (ii) Support for regional economic research and regional planning
36 efforts to implement target industry sector strategies and other
37 economic development strategies, including cluster-based strategies.
38 Research and planning efforts should support increased living standards

1 and increased foreign direct investment, and be aligned with the
2 statewide economic development strategy. Regional associate
3 development organizations retain their independence to address local
4 concerns and goals. Activities include:

5 (A) Participating in regional planning efforts with workforce
6 development councils involving coordinated strategies around workforce
7 development and economic development policies and programs.
8 Coordinated planning efforts must include, but not be limited to,
9 assistance to industry clusters in the region;

10 (B) Participating with the state board for community and technical
11 colleges as created in RCW 28B.50.050, and any community and technical
12 colleges in the coordination of the job skills training program and the
13 customized training program within its region;

14 (C) Collecting and reporting data as specified by the contract with
15 the department for statewide systemic analysis. (~~The department must
16 consult with the Washington state economic development commission in
17 the establishment of such uniform data as is needed to conduct a
18 statewide systemic analysis of the state's economic development
19 programs and expenditures.~~) In cooperation with other local,
20 regional, and state planning efforts, contracting organizations may
21 provide insight into the needs of target industry clusters, business
22 expansion plans, early detection of potential relocations or layoffs,
23 training needs, and other appropriate economic information;

24 (D) In conjunction with other governmental jurisdictions and
25 institutions, (~~participate~~{~~participating~~}) participating in the
26 development of a countywide economic development plan(~~(consistent
27 with the state comprehensive plan for economic development developed by
28 the Washington state economic development commission)~~).

29 (2) The department must provide business services training to the
30 contracting organizations, including but not limited to:

31 (a) Training in the fundamentals of export assistance and the
32 services available from private and public export assistance providers
33 in the state; and

34 (b) Training in the provision of business retention and expansion
35 services as required by subsection (1)(b)(i)(E) of this section.

36 **Sec. 112.** RCW 43.330.082 and 2012 c 195 s 2 are each amended to
37 read as follows:

1 (1)(a) Contracting associate development organizations must provide
2 the department with measures of their performance and a summary of best
3 practices shared and implemented by the contracting organizations.
4 Annual reports must include the following information to show the
5 contracting organization's impact on employment and overall changes in
6 employment: Current employment and economic information for the
7 community or regional area produced by the employment security
8 department; the net change from the previous year's employment and
9 economic information using data produced by the employment security
10 department; other relevant information on the community or regional
11 area; the amount of funds received by the contracting organization
12 through its contract with the department; the amount of funds received
13 by the contracting organization((§)) through all sources; and the
14 contracting organization's impact on employment through all funding
15 sources. Annual reports may include the impact of the contracting
16 organization on wages, exports, tax revenue, small business creation,
17 foreign direct investment, business relocations, expansions,
18 terminations, and capital investment. Data must be input into a common
19 web-based business information system managed by the department.
20 Specific measures, data standards, and data definitions must be
21 developed in the contracting process between the department((~~7—the~~
22 ~~economic—development—commission,~~7)) and the contracting organization
23 every two years. Except as provided in (b) of this subsection,
24 performance measures should be consistent across regions to allow for
25 statewide evaluation.

26 (b) In addition to the measures required in (a) of this subsection,
27 contracting associate development organizations in counties with a
28 population greater than one million five hundred thousand persons must
29 include the following measures in reports to the department:

30 (i) The number of small businesses that received retention and
31 expansion services, and the outcome of those services;

32 (ii) The number of businesses located outside of the boundaries of
33 the largest city within the contracting associate development
34 organization's region that received recruitment, retention, and
35 expansion services, and the outcome of those services.

36 (2)(a) The department and contracting associate development
37 organizations must agree upon specific target levels for the

1 performance measures in subsection (1) of this section. Comparison of
2 agreed thresholds and actual performance must occur annually.

3 (b) Contracting organizations that fail to achieve the agreed
4 performance targets in more than one-half of the agreed measures must
5 develop remediation plans to address performance gaps. The remediation
6 plans must include revised performance thresholds specifically chosen
7 to provide evidence of progress in making the identified service
8 changes.

9 (c) Contracts and state funding must be terminated for one year for
10 organizations that fail to achieve the agreed upon progress toward
11 improved performance defined under (b) of this subsection. During the
12 year in which termination for nonperformance is in effect,
13 organizations must review alternative delivery strategies to include
14 reorganization of the contracting organization, merging of previous
15 efforts with existing regional partners, and other specific steps
16 toward improved performance. At the end of the period of termination,
17 the department may contract with the associate development organization
18 or its successor as it deems appropriate.

19 (3) The department must submit (~~(a preliminary report to the~~
20 ~~Washington economic development commission by September 1st of each~~
21 ~~even-numbered year, and)) a final report to the legislature (~~and the~~
22 ~~Washington economic development commission)) by December 31st of each
23 even-numbered year on the performance results of the contracts with
24 associate development organizations.~~~~

25 (~~(4) Contracting associate development organizations must provide~~
26 ~~the Washington state economic development commission with information~~
27 ~~to be used in the comprehensive statewide economic development strategy~~
28 ~~and progress report due under RCW 43.162.020, by the date determined by~~
29 ~~the commission.))~~

30 **Sec. 113.** RCW 43.330.090 and 2012 c 198 s 3 are each amended to
31 read as follows:

32 (1) The department shall work with private sector organizations,
33 industry and sector associations, federal agencies, state agencies that
34 use a sector-based approach to service delivery, local governments,
35 local associate development organizations, and higher education and
36 training institutions in the development of industry sector-based
37 strategies to diversify the economy, facilitate technology transfer and

1 diffusion, and increase value-added production. The industry sectors
2 targeted by the department may include, but are not limited to,
3 aerospace, agriculture, food processing, forest products, marine
4 services, health and biomedical, software, digital and interactive
5 media, transportation and distribution, and microelectronics. The
6 department shall, on a continuing basis, evaluate the potential return
7 to the state from devoting additional resources to an industry sector-
8 based approach to economic development and identifying and assisting
9 additional sectors.

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

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

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

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

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

34 (b) Supporting industry and cluster associations, publications of
35 association and cluster directories, and related efforts to create or
36 expand the activities of industry and cluster associations;

37 (c) Administering a competitive grant program to fund economic
38 development activities designed to further regional cluster growth. In

1 administering the program, the department shall work with ((~~the~~
2 ~~economic development commission,~~) the workforce training and education
3 coordinating board, the state board for community and technical
4 colleges, the employment security department, business, and labor.

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

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

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

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

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

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

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

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

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

33 **Sec. 114.** RCW 43.330.250 and 2013 2nd sp.s. c 24 s 1 are each
34 amended to read as follows:

35 (1) The economic development strategic reserve account is created
36 in the state treasury to be used only for the purposes of this section.

1 (2) Only the governor, with the recommendation of the director of
2 the department of commerce (~~and the economic development commission~~),
3 may authorize expenditures from the account.

4 ~~(3) ((Expenditures from the account shall be made in an amount
5 sufficient to fund a minimum of one staff position for the economic
6 development commission and to cover any other operational costs of the
7 commission.~~

8 ~~(4))~~ During the 2009-2011 and 2011-2013 fiscal biennia, moneys in
9 the account may also be transferred into the state general fund.

10 ~~((5))~~ (4) Expenditures from the account may be made to prevent
11 closure of a business or facility, to prevent relocation of a business
12 or facility in the state to a location outside the state, or to recruit
13 a business or facility to the state. Expenditures may be authorized
14 for:

15 (a) Workforce development;

16 (b) Public infrastructure needed to support or sustain the
17 operations of the business or facility;

18 (c) Other lawfully provided assistance, including, but not limited
19 to, technical assistance, environmental analysis, relocation
20 assistance, and planning assistance. Funding may be provided for such
21 assistance only when it is in the public interest and may only be
22 provided under a contractual arrangement ensuring that the state will
23 receive appropriate consideration, such as an assurance of job creation
24 or retention; and

25 (d) The joint center for aerospace technology innovation.

26 ~~((6))~~ (5) The funds shall not be expended from the account
27 unless:

28 (a) The circumstances are such that time does not permit the
29 director of the department of commerce or the business or facility to
30 secure funding from other state sources;

31 (b) The business or facility produces or will produce significant
32 long-term economic benefits to the state, a region of the state, or a
33 particular community in the state;

34 (c) The business or facility does not require continuing state
35 support;

36 (d) The expenditure will result in new jobs, job retention, or
37 higher incomes for citizens of the state;

38 (e) The expenditure will not supplant private investment; and

1 (f) The expenditure is accompanied by private investment.

2 (~~(7)~~) (6) No more than three million dollars per year may be
3 expended from the account for the purpose of assisting an individual
4 business or facility pursuant to the authority specified in this
5 section.

6 (~~(8)~~) (7) If the account balance in the strategic reserve account
7 exceeds fifteen million dollars at any time, the amount in excess of
8 fifteen million dollars shall be transferred to the education
9 construction account.

10 **Sec. 115.** RCW 43.330.270 and 2012 c 225 s 1 are each amended to
11 read as follows:

12 (1) The department must design and implement an innovation
13 partnership zone program through which the state will encourage and
14 support research institutions, workforce training organizations, and
15 globally competitive companies to work cooperatively in close
16 geographic proximity to create commercially viable products and jobs.

17 (2) The director must designate innovation partnership zones on the
18 basis of the following criteria:

19 (a) Innovation partnership zones must have three types of
20 institutions operating within their boundaries, or show evidence of
21 planning and local partnerships that will lead to dense concentrations
22 of these institutions:

23 (i) Research capacity in the form of a university or community
24 college fostering commercially valuable research, nonprofit
25 institutions creating commercially applicable innovations, or a
26 national laboratory;

27 (ii) An industry cluster as defined in RCW 43.330.090. The cluster
28 must include a dense proximity of globally competitive firms in a
29 research-based industry or industries or individual firms with
30 innovation strategies linked to (a)(i) of this subsection. A globally
31 competitive firm may be signified through international organization
32 for standardization 9000 or 1400 certification, or evidence of sales in
33 international markets; and

34 (iii) Training capacity either within the zone or readily
35 accessible to the zone. The training capacity requirement may be met
36 by the same institution as the research capacity requirement, to the

1 extent both are associated with an educational institution in the
2 proposed zone.

3 (b) The support of a local jurisdiction, a research institution, an
4 educational institution, an industry or cluster association, a
5 workforce development council, and an associate development
6 organization, port, or chamber of commerce;

7 (c) Identifiable boundaries for the zone within which the applicant
8 will concentrate efforts to connect innovative researchers,
9 entrepreneurs, investors, industry associations or clusters, and
10 training providers. The geographic area defined should lend itself to
11 a distinct identity and have the capacity to accommodate firm growth;

12 (d) The innovation partnership zone administrator must be an
13 economic development council, port, workforce development council,
14 city, or county.

15 (3) With respect solely to the research capacity required in
16 subsection (2)(a)(i) of this section, the director may waive the
17 requirement that the research institution be located within the zone.
18 To be considered for such a waiver, an applicant must provide a
19 specific plan that demonstrates the research institution's unique
20 qualifications and suitability for the zone, and the types of jointly
21 executed activities that will be used to ensure ongoing, face-to-face
22 interaction and research collaboration among the zone's partners.

23 (4) On October 1st of each odd-numbered year, the director must
24 designate innovation partnership zones on the basis of applications
25 that meet the legislative criteria, estimated economic impact of the
26 zone, evidence of forward planning for the zone, and other criteria as
27 developed by the department (~~(in consultation with the Washington state~~
28 ~~economic-development-commission)~~). Estimated economic impact must
29 include evidence of anticipated private investment, job creation,
30 innovation, and commercialization. The director must require evidence
31 that zone applicants will promote commercialization, innovation, and
32 collaboration among zone residents.

33 (5) Innovation partnership zones are eligible for funds and other
34 resources as provided by the legislature or at the discretion of the
35 governor.

36 (6) If the innovation partnership zone meets the other requirements
37 of the fund sources, then the zone is eligible for the following funds
38 relating to:

1 (a) The local infrastructure financing tools program;
2 (b) The sales and use tax for public facilities in rural counties;
3 (c) Job skills;
4 (d) Local improvement districts; and
5 (e) Community economic revitalization board projects under chapter
6 43.160 RCW.

7 (7) An innovation partnership zone must be designated as a zone for
8 a four-year period. At the end of the four-year period, the zone must
9 reapply for the designation through the department.

10 (8) If the director finds that an applicant does not meet all of
11 the statutory criteria or additional criteria recommended by the
12 department (~~(in consultation with the Washington state economic~~
13 ~~development commission)) to be designated as an innovation partnership
14 zone, the department must:~~

15 (a) Identify the deficiencies in the proposal and recommended steps
16 for the applicant to take to strengthen the proposal;

17 (b) Provide the applicant with the opportunity to appeal the
18 decision to the director; and

19 (c) Allow the applicant to reapply for innovation partnership
20 designation on October 1st of the following calendar year or during any
21 subsequent application cycle.

22 (9) If the director finds at any time after the initial year of
23 designation that an innovation partnership zone is failing to meet the
24 performance standards required in its contract with the department, the
25 director may withdraw such designation and cease state funding of the
26 zone.

27 (10) The department must convene annual information sharing events
28 for innovation partnership zone administrators and other interested
29 parties.

30 (11) An innovation partnership zone must annually provide
31 performance measures as required by the director, including but not
32 limited to private investment measures, job creation measures, and
33 measures of innovation such as licensing of ideas in research
34 institutions, patents, or other recognized measures of innovation.

35 (12) The department must compile a biennial report on the
36 innovation partnership zone program by December 1st of every even-
37 numbered year. The report must provide information for each zone on
38 its: Objectives; funding, tax incentives, and other support obtained

1 from public sector sources; major activities; partnerships; performance
2 measures; and outcomes achieved since the inception of the zone or
3 since the previous biennial report. (~~The Washington state economic
4 development commission must review the department's draft report and
5 make recommendations on ways to increase the effectiveness of
6 individual zones and the program overall.~~) The department must submit
7 the report(~~, including the commission's recommendations,~~) to the
8 governor and legislature beginning December 1, 2010.

9 **Sec. 116.** RCW 43.330.280 and 2012 c 229 s 708 are each amended to
10 read as follows:

11 (1) The (~~Washington state economic development commission~~)
12 department shall(~~, with the advice of an innovation partnership
13 advisory group selected by the commission:~~ (a) Provide information and
14 advice to the department of commerce to assist in the implementation of
15 the innovation partnership zone program, including criteria to be used
16 in the selection of grant applicants for funding;

17 ~~(b))~~ document clusters of companies throughout the state that have
18 comparative competitive advantage or the potential for comparative
19 competitive advantage, using the process and criteria for identifying
20 strategic clusters developed by the working group specified in
21 subsection (2) of this section(~~,~~

22 ~~(c) Conduct an innovation opportunity analysis to identify (i) the
23 strongest current intellectual assets and research teams in the state
24 focused on emerging technologies and their commercialization, and (ii)
25 faculty and researchers that could increase their focus on
26 commercialization of technology if provided the appropriate technical
27 assistance and resources;~~

28 ~~(d) Based on its findings and analysis, and in conjunction with the
29 research institutions;~~

30 ~~(i) Develop a plan to build on existing, and develop new,
31 intellectual assets and innovation research teams in the state in
32 research areas where there is a high potential to commercialize
33 technologies. The commission shall present the plan to the governor
34 and legislature by December 31, 2009. The publicly funded research
35 institutions in the state shall be responsible for implementing the
36 plan. The plan shall address the following elements and such other
37 elements as the commission deems important;~~

1 ~~(A) Specific mechanisms to support, enhance, or develop innovation~~
2 ~~research teams and strengthen their research and commercialization~~
3 ~~capacity in areas identified as useful to strategic clusters and~~
4 ~~innovative firms in the state;~~

5 ~~(B) Identification of the funding necessary for laboratory~~
6 ~~infrastructure needed to house innovation research teams;~~

7 ~~(C) Specification of the most promising research areas meriting~~
8 ~~enhanced resources and recruitment of significant entrepreneurial~~
9 ~~researchers to join or lead innovation research teams;~~

10 ~~(D) The most productive approaches to take in the recruitment, in~~
11 ~~the identified promising research areas, of a minimum of ten~~
12 ~~significant entrepreneurial researchers over the next ten years to join~~
13 ~~or lead innovation research teams;~~

14 ~~(E) Steps to take in solicitation of private sector support for the~~
15 ~~recruitment of entrepreneurial researchers and the commercialization~~
16 ~~activity of innovation research teams; and~~

17 ~~(F) Mechanisms for ensuring the location of innovation research~~
18 ~~teams in innovation partnership zones;~~

19 ~~(ii) Provide direction for the development of comprehensive~~
20 ~~entrepreneurial assistance programs at research institutions. The~~
21 ~~programs may involve multidisciplinary students, faculty,~~
22 ~~entrepreneurial researchers, entrepreneurs, and investors in building~~
23 ~~business models and evolving business plans around innovative ideas.~~
24 ~~The programs may provide technical assistance and the support of an~~
25 ~~entrepreneur in residence to innovation research teams and offer~~
26 ~~entrepreneurial training to faculty, researchers, undergraduates, and~~
27 ~~graduate students. Curriculum leading to a certificate in~~
28 ~~entrepreneurship may also be offered;~~

29 ~~(e) Develop performance measures to be used in evaluating the~~
30 ~~performance of innovation research teams, the implementation of the~~
31 ~~plan and programs under (d)(i) and (ii) of this subsection, and the~~
32 ~~performance of innovation partnership zone grant recipients, including~~
33 ~~but not limited to private investment measures, business initiation~~
34 ~~measures, job creation measures, and measures of innovation such as~~
35 ~~licensing of ideas in research institutions, patents, or other~~
36 ~~recognized measures of innovation. The performance measures developed~~
37 ~~shall be consistent with the economic development commission's~~
38 ~~comprehensive plan for economic development and its standards and~~

1 ~~metrics for program evaluation. The commission shall report to the~~
2 ~~legislature and the governor by June 30, 2009, on the measures~~
3 ~~developed; and~~

4 ~~(f) Using the performance measures developed, perform a biennial~~
5 ~~assessment and report, the first of which shall be due December 31,~~
6 ~~2012, on:~~

7 ~~(i) Commercialization of technologies developed at state~~
8 ~~universities, found at other research institutions in the state, and~~
9 ~~facilitated with public assistance at existing companies;~~

10 ~~(ii) Outcomes of the funding of innovation research teams and~~
11 ~~recruitment of significant entrepreneurial researchers;~~

12 ~~(iii) Comparison with other states of Washington's outcomes from~~
13 ~~the innovation research teams and efforts to recruit significant~~
14 ~~entrepreneurial researchers; and~~

15 ~~(iv) Outcomes of the grants for innovation partnership zones. The~~
16 ~~report shall include recommendations for modifications of chapter 227,~~
17 ~~Laws of 2007 and of state commercialization efforts that would enhance~~
18 ~~the state's economic competitiveness)).~~

19 (2) The ((economic development commission)) department and the
20 workforce training and education coordinating board shall jointly
21 convene a working group to:

22 (a) Specify the process and criteria for identification of substate
23 geographic concentrations of firms or employment in an industry and the
24 industry's customers, suppliers, supporting businesses, and
25 institutions, which process will include the use of labor market
26 information from the employment security department and local labor
27 markets; and

28 (b) Establish criteria for identifying strategic clusters which are
29 important to economic prosperity in the state, considering cluster
30 size, growth rate, and wage levels among other factors.

31 **Sec. 117.** RCW 43.330.310 and 2012 c 229 s 590 and 2012 c 198 s 12
32 are each reenacted and amended to read as follows:

33 (1) The legislature establishes a comprehensive green economy jobs
34 growth initiative based on the goal of, by 2020, increasing the number
35 of green economy jobs to twenty-five thousand from the eight thousand
36 four hundred green economy jobs the state had in 2004.

1 (2) The department, in consultation with the employment security
2 department, the state workforce training and education coordinating
3 board, and the state board for community and technical colleges, shall
4 develop a defined list of terms, consistent with current workforce and
5 economic development terms, associated with green economy industries
6 and jobs.

7 (3)(a) The employment security department, in consultation with the
8 department, the state workforce training and education coordinating
9 board, the state board for community and technical colleges, Washington
10 State University small business development center, and the Washington
11 State University extension energy program, shall conduct labor market
12 research to analyze the current labor market and projected job growth
13 in the green economy, the current and projected recruitment and skill
14 requirement of green economy industry employers, the wage and benefits
15 ranges of jobs within green economy industries, and the education and
16 training requirements of entry-level and incumbent workers in those
17 industries.

18 (i) The employment security department shall conduct an analysis of
19 occupations in the forest products industry to: (A) Determine key
20 growth factors and employment projections in the industry; and (B)
21 define the education and skill standards required for current and
22 emerging green occupations in the industry.

23 (ii) The term "forest products industry" must be given a broad
24 interpretation when implementing (a)(i) of this subsection and
25 includes, but is not limited to, businesses that grow, manage, harvest,
26 transport, and process forest, wood, and paper products.

27 (b) The University of Washington business and economic development
28 center shall: Analyze the current opportunities for and participation
29 in the green economy by minority and women-owned business enterprises
30 in Washington; identify existing barriers to their successful
31 participation in the green economy; and develop strategies with
32 specific policy recommendations to improve their successful
33 participation in the green economy. The research may be informed by
34 the research of the Puget Sound regional council prosperity
35 partnership, as well as other entities. The University of Washington
36 business and economic development center shall report to the
37 appropriate committees of the house of representatives and the senate
38 on their research, analysis, and recommendations by December 1, 2008.

1 (4) Based on the findings from subsection (3) of this section, the
2 employment security department, in consultation with the department and
3 taking into account the requirements and goals of chapter 14, Laws of
4 2008 and other state clean energy and energy efficiency policies, shall
5 propose which industries will be considered high-demand green
6 industries, based on current and projected job creation and their
7 strategic importance to the development of the state's green economy.
8 The employment security department and the department shall take into
9 account which jobs within green economy industries will be considered
10 high-wage occupations and occupations that are part of career pathways
11 to the same, based on family-sustaining wage and benefits ranges.
12 These designations, and the results of the employment security
13 department's broader labor market research, shall inform the planning
14 and strategic direction of the department, the state workforce training
15 and education coordinating board, and the state board for community and
16 technical colleges.

17 (5) The department shall identify emerging technologies and
18 innovations that are likely to contribute to advancements in the green
19 economy, including the activities in designated innovation partnership
20 zones established in RCW 43.330.270.

21 (6) The department (~~(, consistent with the priorities established by~~
22 ~~the state economic development commission,)~~) shall:

23 (a) Develop targeting criteria for existing investments, and make
24 recommendations for new or expanded financial incentives and
25 comprehensive strategies, to recruit, retain, and expand green economy
26 industries and small businesses; and

27 (b) Make recommendations for new or expanded financial incentives
28 and comprehensive strategies to stimulate research and development of
29 green technology and innovation, including designating innovation
30 partnership zones linked to the green economy.

31 (7) For the purposes of this section, "target populations" means
32 (a) entry-level or incumbent workers in high-demand green industries
33 who are in, or are preparing for, high-wage occupations; (b) dislocated
34 workers in declining industries who may be retrained for high-wage
35 occupations in high-demand green industries; (c) dislocated
36 agriculture, timber, or energy sector workers who may be retrained for
37 high-wage occupations in high-demand green industries; (d) eligible

1 veterans or national guard members; (e) disadvantaged populations; or
2 (f) anyone eligible to participate in the state opportunity grant
3 program under RCW 28B.50.271.

4 (8) The legislature directs the state workforce training and
5 education coordinating board to create and pilot green industry skill
6 panels. These panels shall consist of business representatives from:
7 Green industry sectors, including but not limited to forest product
8 companies, companies engaged in energy efficiency and renewable energy
9 production, companies engaged in pollution prevention, reduction, and
10 mitigation, and companies engaged in green building work and green
11 transportation; labor unions representing workers in those industries
12 or labor affiliates administering state-approved, joint apprenticeship
13 programs or labor-management partnership programs that train workers
14 for these industries; state and local veterans agencies; employer
15 associations; educational institutions; and local workforce development
16 councils within the region that the panels propose to operate; and
17 other key stakeholders as determined by the applicant. Any of these
18 stakeholder organizations are eligible to receive grants under this
19 section and serve as the intermediary that convenes and leads the
20 panel. Panel applicants must provide labor market and industry
21 analysis that demonstrates high demand, or demand of strategic
22 importance to the development of the state's clean energy economy as
23 identified in this section, for high-wage occupations, or occupations
24 that are part of career pathways to the same, within the relevant
25 industry sector. The panel shall:

26 (a) Conduct labor market and industry analyses, in consultation
27 with the employment security department, and drawing on the findings of
28 its research when available;

29 (b) Plan strategies to meet the recruitment and training needs of
30 the industry and small businesses; and

31 (c) Leverage and align other public and private funding sources.

32 **Sec. 118.** RCW 43.330.375 and 2012 c 229 s 591 are each amended to
33 read as follows:

34 (1) The department and the workforce board must:

35 (a) Coordinate efforts across the state to ensure that federal
36 training and education funds are captured and deployed in a focused and

1 effective manner in order to support green economy projects and
2 accomplish the goals of the evergreen jobs initiative;

3 (b) Accelerate and coordinate efforts by state and local
4 organizations to identify, apply for, and secure all sources of funds,
5 particularly those created by the 2009 American recovery and
6 reinvestment act, and to ensure that distributions of funding to local
7 organizations are allocated in a manner that is time-efficient and
8 user-friendly for the local organizations. Local organizations
9 eligible to receive support include but are not limited to:

10 (i) Associate development organizations;

11 (ii) Workforce development councils;

12 (iii) Public utility districts; and

13 (iv) Community action agencies;

14 (c) Support green economy projects at both the state and local
15 level by developing a process and a framework to provide, at a minimum:

16 (i) Administrative and technical assistance;

17 (ii) Assistance with and expediting of permit processes; and

18 (iii) Priority consideration of opportunities leading to exportable
19 green economy goods and services, including renewable energy
20 technology;

21 (d) Coordinate local and state implementation of projects using
22 federal funds to ensure implementation is time-efficient and user-
23 friendly for local organizations;

24 (e) Emphasize through both support and outreach efforts, projects
25 that:

26 (i) Have a strong and lasting economic or environmental impact;

27 (ii) Lead to a domestically or internationally exportable good or
28 service, including renewable energy technology;

29 (iii) Create training programs leading to a credential,
30 certificate, or degree in a green economy field;

31 (iv) Strengthen the state's competitiveness in a particular sector
32 or cluster of the green economy;

33 (v) Create employment opportunities for veterans, members of the
34 national guard, and low-income and disadvantaged populations;

35 (vi) Comply with prevailing wage provisions of chapter 39.12 RCW;

36 (vii) Ensure at least fifteen percent of labor hours are performed
37 by apprentices;

1 (f) Identify emerging technologies and innovations that are likely
2 to contribute to advancements in the green economy, including the
3 activities in designated innovation partnership zones established in
4 RCW 43.330.270;

5 (g) Identify barriers to the growth of green jobs in traditional
6 industries such as the forest products industry;

7 (h) Identify statewide performance metrics for projects receiving
8 agency assistance. Such metrics may include:

9 (i) The number of new green jobs created each year, their wage
10 levels, and, to the extent determinable, the percentage of new green
11 jobs filled by veterans, members of the national guard, and low-income
12 and disadvantaged populations;

13 (ii) The total amount of new federal funding secured, the
14 respective amounts allocated to the state and local levels, and the
15 timeliness of deployment of new funding by state agencies to the local
16 level;

17 (iii) The timeliness of state deployment of funds and support to
18 local organizations; and

19 (iv) If available, the completion rates, time to completion, and
20 training-related placement rates for green economy postsecondary
21 training programs;

22 (i) Identify strategies to allocate existing and new funding
23 streams for green economy workforce training programs and education to
24 emphasize those leading to a credential, certificate, or degree in a
25 green economy field;

26 (j) Identify and implement strategies to allocate existing and new
27 funding streams for workforce development councils and associate
28 development organizations to increase their effectiveness and
29 efficiency and increase local capacity to respond rapidly and
30 comprehensively to opportunities to attract green jobs to local
31 communities;

32 (k) Develop targeting criteria for existing investments that are
33 consistent with (~~the economic development commission's economic~~
34 ~~development strategy and~~) the goals of this section and RCW
35 28C.18.170, 28B.50.281, and 49.04.200; and

36 (l) Make and support outreach efforts so that residents of
37 Washington, particularly members of target populations, become aware of

1 educational and employment opportunities identified and funded through
2 the evergreen jobs act.

3 (2) The department and the workforce board must provide semiannual
4 performance reports to the governor and appropriate committees of the
5 legislature on:

6 (a) Actual statewide performance based on the performance measures
7 identified in subsection (1)(h) of this section;

8 (b) How the state is emphasizing and supporting projects that lead
9 to a domestically or internationally exportable good or service,
10 including renewable energy technology;

11 (c) A list of projects supported, created, or funded in furtherance
12 of the goals of the evergreen jobs initiative and the actions taken by
13 state and local organizations, including the effectiveness of state
14 agency support provided to local organizations as directed in
15 subsection (1)(b) and (c) of this section;

16 (d) Recommendations for new or expanded financial incentives and
17 comprehensive strategies to:

18 (i) Recruit, retain, and expand green economy industries and small
19 businesses; and

20 (ii) Stimulate research and development of green technology and
21 innovation, which may include designating innovation partnership zones
22 linked to the green economy;

23 (e) Any information that associate development organizations and
24 workforce development councils choose to provide to appropriate
25 legislative committees regarding the effectiveness, timeliness, and
26 coordination of support provided by state agencies under this section
27 and RCW 28C.18.170, 28B.50.281, and 49.04.200; and

28 (f) Any recommended statutory changes necessary to increase the
29 effectiveness of the evergreen jobs initiative and state responsiveness
30 to local agencies and organizations.

31 (3) The definitions, designations, and results of the employment
32 security department's broader labor market research under RCW
33 43.330.010 shall inform the planning and strategic direction of the
34 department, the state workforce training and education coordinating
35 board, the state board for community and technical colleges, and the
36 student achievement council.

1 **Sec. 119.** RCW 50.38.050 and 2009 c 151 s 2 are each amended to
2 read as follows:

3 The department shall have the following duties:

4 (1) Oversight and management of a statewide comprehensive labor
5 market and occupational supply and demand information system, including
6 development of a five-year employment forecast for state and labor
7 market areas;

8 (2) Produce local labor market information packages for the state's
9 counties, including special studies and job impact analyses in support
10 of state and local employment, training, education, and job creation
11 programs, especially activities that prevent job loss, reduce
12 unemployment, and create jobs;

13 (3) Coordinate with the office of financial management and the
14 office of the forecast council to improve employment estimates by
15 enhancing data on corporate officers, improving business establishment
16 listings, expanding sample for employment estimates, and developing
17 business entry/exit analysis relevant to the generation of occupational
18 and economic forecasts;

19 (4) In cooperation with the office of financial management, produce
20 long-term industry and occupational employment forecasts. These
21 forecasts shall be consistent with the official economic and revenue
22 forecast council biennial economic and revenue forecasts; and

23 (5) Analyze labor market and economic data, including the use of
24 input-output models, for the purpose of identifying industry clusters
25 and strategic industry clusters that meet the criteria identified by
26 the working group convened by the (~~economic development commission~~)
27 department of commerce and the workforce training and education
28 coordinating board under chapter 43.330 RCW.

29 **Sec. 120.** RCW 82.14.505 and 2010 c 164 s 8 are each amended to
30 read as follows:

31 (1) Demonstration projects are designated to determine the
32 feasibility of local revitalization financing. For the purpose of this
33 section, "annual state contribution limit" means four million two
34 hundred thousand dollars statewide per fiscal year.

35 (a) Notwithstanding RCW 39.104.100, the department must approve
36 each demonstration project for 2009 as follows:

1 (i) The Whitman county Pullman/Moscow corridor improvement project
2 award may not exceed two hundred thousand dollars;

3 (ii) The University Place improvement project award may not exceed
4 five hundred thousand dollars;

5 (iii) The Tacoma international financial services area/Tacoma dome
6 project award may not exceed five hundred thousand dollars;

7 (iv) The Bremerton downtown improvement project award may not
8 exceed three hundred thirty thousand dollars;

9 (v) The Auburn downtown redevelopment project award may not exceed
10 two hundred fifty thousand dollars;

11 (vi) The Vancouver Columbia waterfront/downtown project award may
12 not exceed two hundred twenty thousand dollars; and

13 (vii) The Spokane University District project award may not exceed
14 two hundred fifty thousand dollars.

15 (b) Notwithstanding RCW 39.104.100, the department must approve
16 each demonstration project for 2010 meeting the requirements in
17 subsection (2)(c) of this section as follows:

18 (i) The Richland revitalization area for industry, science and
19 education project award may not exceed three hundred thirty thousand
20 dollars;

21 (ii) The Lacey gateway town center project award may not exceed
22 five hundred thousand dollars;

23 (iii) The Mill Creek east gateway planned urban village
24 revitalization area project award may not exceed three hundred thirty
25 thousand dollars;

26 (iv) The Puyallup river road revitalization area project award may
27 not exceed two hundred fifty thousand dollars;

28 (v) The Renton south Lake Washington project award may not exceed
29 five hundred thousand dollars; and

30 (vi) The New Castle downtown project (~~(award)~~) award may not
31 exceed forty thousand dollars.

32 (2)(a) Local government sponsors of demonstration projects under
33 subsection (1)(a) of this section must submit to the department no
34 later than September 1, 2009, documentation that substantiates that the
35 project has met the conditions, limitations, and requirements provided
36 in chapter 270, Laws of 2009.

37 (b) Sponsoring local government of demonstration projects under
38 subsection (1)(b) of this section must update and resubmit to the

1 department no later than September 1, 2010, the application already on
2 file with the department to substantiate that the project has met the
3 conditions, limitations, and requirements provided in chapter 270, Laws
4 of 2009 and chapter 164, Laws of 2010 and the project is substantially
5 the same as the project in the original application submitted to the
6 department in 2009.

7 (c) The department must not approve any resubmitted application
8 unless an economic analysis by a qualified researcher at the department
9 of economics at the University of Washington confirms that there is an
10 eighty-five percent probability that the application's assumptions and
11 estimates of jobs created and increased tax receipts will be achieved
12 by the project and determines that net state tax revenue will increase
13 as a result of the project by an amount that equals or exceeds the
14 award authorized in subsection (1)(b) of this section. (~~Prior to~~
15 ~~submitting the economic analysis to the department, the qualified~~
16 ~~researcher must consult with the economic development commission~~
17 ~~established in chapter 43.162 RCW regarding his or her preliminary~~
18 ~~findings. The final economic analysis must include comments and~~
19 ~~recommendations of the economic development commission.~~)

20 (3) Within ninety days of such submittal, the economic analysis in
21 subsection (2)(c) of this section must be completed and the department
22 must either approve demonstration projects that have met these
23 conditions, limitations, and requirements or deny resubmitted
24 applications that have not met these conditions, limitations, and
25 requirements.

26 (4) Local government sponsors of demonstration projects may elect
27 to decline the project awards as designated in this section, and may
28 elect instead to submit applications according to the process described
29 in RCW 39.104.100.

30 (5) If a demonstration project listed in subsection (1)(b) of this
31 section does not update and resubmit its application to the department
32 by the deadline specified in subsection (2)(b) of this section or if
33 the demonstration project withdraws its application, the associated
34 dollar amounts may not be approved for another project and may not be
35 considered part of the annual state contribution limit under RCW
36 39.104.020(1).

1 **Sec. 121.** RCW 82.33A.010 and 2007 c 232 s 8 are each amended to
2 read as follows:

3 (1) The economic climate council is hereby created.

4 (2) The council shall(~~(7--in-consultation-with-the-Washington~~
5 ~~economic-development-commission,7)~~) select a series of benchmarks that
6 characterize the competitive environment of the state. The benchmarks
7 should be indicators of the cost of doing business; the education and
8 skills of the workforce; a sound infrastructure; and the quality of
9 life. In selecting the appropriate benchmarks, the council shall use
10 the following criteria:

11 (a) The availability of comparative information for other states
12 and countries;

13 (b) The timeliness with which benchmark information can be
14 obtained; and

15 (c) The accuracy and validity of the benchmarks in measuring the
16 economic climate indicators named in this section.

17 (3) Each year the council shall prepare an official state economic
18 climate report on the present status of benchmarks, changes in the
19 benchmarks since the previous report, and the reasons for the changes.
20 The reports shall include current benchmark comparisons with other
21 states and countries, and an analysis of factors related to the
22 benchmarks that may affect the ability of the state to compete
23 economically at the national and international level.

24 (4) All agencies of state government shall provide to the council
25 immediate access to all information relating to economic climate
26 reports.

27 **Sec. 122.** RCW 43.131.418 and 2013 2nd sp.s. c 24 s 3 are each
28 amended to read as follows:

29 The following acts or parts of acts, as now existing or hereafter
30 amended, are each repealed, effective July 1, 2021:

31 (1) RCW 28B.155.010 and 2014 c ... s 102 (section 102 of this act)
32 & 2012 c 242 s 1; and

33 (2) RCW 28B.155.020 and 2012 c 242 s 2.

34 NEW SECTION. **Sec. 123.** The following acts or parts of acts are
35 each repealed:

- 1 (1) RCW 43.162.005 (Findings--Intent) and 2011 c 311 s 1, 2007 c
2 232 s 1, & 2003 c 235 s 1;
- 3 (2) RCW 43.162.010 (Washington state economic development
4 commission--Membership--Policies and procedures) and 2011 c 311 s 2,
5 2007 c 232 s 2, & 2003 c 235 s 2;
- 6 (3) RCW 43.162.012 ("Commission" defined) and 2011 c 311 s 3;
- 7 (4) RCW 43.162.015 (Executive director) and 2011 c 311 s 4 & 2007
8 c 232 s 3;
- 9 (5) RCW 43.162.020 (Duties--Biennial comprehensive statewide
10 economic development strategy--Report--Biennial budget request--
11 Memorandum of understanding--Performance evaluation--Gifts, grants,
12 donations) and 2012 c 195 s 3, 2011 c 311 s 5, 2009 c 151 s 9, 2007 c
13 232 s 4, & 2003 c 235 s 3;
- 14 (6) RCW 43.162.025 (Additional authority) and 2011 c 311 s 6 & 2007
15 c 232 s 5;
- 16 (7) RCW 43.162.030 (Authority of governor and department of
17 commerce not affected) and 2011 c 311 s 7, 2007 c 232 s 7, & 2003 c 235
18 s 4;
- 19 (8) RCW 43.162.040 (Washington state economic development
20 commission account) and 2011 c 311 s 8; and
- 21 (9) RCW 82.33A.020 (Consulting with Washington economic development
22 commission) and 2007 c 232 s 9 & 1996 c 152 s 4.

23 **PART II**

24 **ELIMINATION OF THE WASHINGTON GLOBAL HEALTH TECHNOLOGIES**
25 **AND PRODUCT DEVELOPMENT COMPETITIVENESS PROGRAM**

26 NEW SECTION. **Sec. 201.** RCW 43.374.010 (Washington global health
27 technologies and product development competitiveness program) and 2010
28 1st sp.s. c 13 s 2 are each repealed.

29 **PART III**

30 **ELIMINATION OF THE WASHINGTON TOURISM COMMISSION**

31 NEW SECTION. **Sec. 301.** The following acts or parts of acts are
32 each repealed:

- 33 (1) RCW 43.336.010 (Definitions) and 2009 c 565 s 42 & 2007 c 228
34 s 101;

1 (2) RCW 43.336.020 (Commission created--Composition--Terms--
2 Executive director--Rule-making authority) and 2011 1st sp.s. c 50 s
3 957, 2009 c 549 s 5178, & 2007 c 228 s 102;

4 (3) RCW 43.336.030 (Tourism industry expansion--Coordinated
5 program--Strategic plan--Tourism marketing plan) and 2007 c 228 s 103;

6 (4) RCW 43.336.040 (Tourism competitive grant program) and 2007 c
7 228 s 104;

8 (5) RCW 43.336.050 (Tourism enterprise account) and 2011 c 5 s 914
9 & 2007 c 228 s 105;

10 (6) RCW 43.336.060 (Tourism development program--Report to the
11 legislature) and 2009 c 518 s 13, 2007 c 228 s 107, & 1998 c 299 s 5;
12 and

13 (7) RCW 43.336.900 (Part headings not law--2007 c 228) and 2007 c
14 228 s 204.

15 PART IV

16 ELIMINATION OF THE MICROENTERPRISE DEVELOPMENT PROGRAM

17 **Sec. 401.** RCW 43.330.010 and 2011 c 286 s 4 are each amended to
18 read as follows:

19 Unless the context clearly requires otherwise, the definitions in
20 this section apply throughout this chapter.

21 (1) "Associate development organization" means a local economic
22 development nonprofit corporation that is broadly representative of
23 community interests.

24 (2) "Department" means the department of commerce.

25 (3) "Director" means the director of the department of commerce.

26 (4) "Financial institution" means a bank, trust company, mutual
27 savings bank, savings and loan association, or credit union authorized
28 to do business in this state under state or federal law.

29 (~~(5) ("Microenterprise development organization" means a community
30 development corporation, a nonprofit development organization, a
31 nonprofit social services organization or other locally operated
32 nonprofit entity that provides services to low income entrepreneurs.~~

33 ~~(6))~~ "Small business" has the same meaning as provided in RCW
34 ~~((39.29.006))~~ 39.26.010.

35 ~~((7))~~ "Statewide microenterprise association" means a nonprofit

1 ~~entity with microenterprise development organizations as members that~~
2 ~~serves as an intermediary between the department of commerce and local~~
3 ~~microenterprise development organizations.))~~

4 NEW SECTION. **Sec. 402.** RCW 43.330.290 (Microenterprise
5 development program) and 2009 c 565 s 15 & 2007 c 322 s 3 are each
6 repealed.

7 **PART V**

8 **MISCELLANEOUS PROVISIONS**

9 NEW SECTION. **Sec. 501.** Section 106 of this act expires on the
10 date the requirements set out in section 7, chapter 36, Laws of 2012
11 are met.

12 NEW SECTION. **Sec. 502.** Section 107 of this act takes effect on
13 the date the requirements set out in section 7, chapter 36, Laws of
14 2012 are met.

Passed by the House March 13, 2014.

Passed by the Senate March 7, 2014.

Approved by the Governor March 28, 2014.

Filed in Office of Secretary of State March 31, 2014.