

# HOUSE BILL REPORT

## ESHB 1509

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### As Passed Legislature

**Title:** An act relating to establishing the Washington state economic development commission to replace the governor's small business improvement council.

**Brief Description:** Establishing the economic development commission.

**Sponsors:** By House Committee on Trade & Economic Development (originally sponsored by Representatives Skinner, Veloria, Sehlin, Pettigrew, McDonald, Schual-Berke, McCoy, McDermott, Linville, Upthegrove and Conway).

### Brief History:

#### Committee Activity:

Trade & Economic Development: 2/7/03, 2/13/03 [DPS];

Appropriations: 2/25/03, 2/26/03 [DPS(TED)].

#### Floor Activity:

Passed House: 3/10/03, 95-0.

Senate Amended.

Passed Senate: 4/9/03, 49-0.

House Concurred.

Passed House: 4/22/03, 97-0.

Passed Legislature.

### Brief Summary of Engrossed Substitute Bill

- Creates, in statute, the Governor's Economic Development Commission.

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Veloria, Chair; Skinner, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Blake, Chase, Condotta, Kristiansen, Pettigrew and Priest.

**Staff:** Tracey Taylor (786-7196).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Trade & Economic Development be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Clements, Cody, Conway, Cox, DeBolt, Dunshee, Hunter, Kagi, Kenney, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

**Staff:** Holly Lynde (786-7153).

**Background:**

The Governor's Small Business Improvement Council was created in 1984. The council ranges in size between 15 and 30 members and includes legislators, members of business organizations and small business owners. Ex officio members representing key state agencies are also included.

The focus of the Governor's Small Business Improvement Council is to identify regulatory, administrative and legislative proposals that will improve the entrepreneurial environment for small businesses as well as advise and comment on state business programs.

In September 2002, Governor Locke created a state Economic Development Commission (Commission) to help guide Washington's economic development policy and provide continuity to the state's economic strategy. The Commission was formed on the recommendation of Governor Locke's Competitiveness Council.

The Commission has 14 business leaders from across the state and a representative from the labor community. The Commission is to provide policy oversight and long-term guidance on issues directly related to the state's economy to the Department of Community, Trade & Economic Development (DCTED). The Governor directed the Commission to review and update current economic development strategy and performance measures, and perform an annual evaluation, as well as assisting the DCTED on the procurement and deployment of private funds for business development, recruitment and promotion. The Commission is also to solicit ideas from citizens around the state.

**Summary of Engrossed Substitute Bill:**

The Washington State Economic Development Commission is established. The current Commission, created by Executive Order, will continue to serve until June 30, 2004.

The Commission shall consist of seven to nine members appointed by the Governor and each will serve three year terms. The members selected must broadly represent the state's geographic regions, including central and eastern Washington. In making the

appointments the Governor shall consult with organizations with an interest in economic development as well the chairs the legislative committees with jurisdiction over economic development issues. The Governor should also consider representation from women-owned businesses, minority-owned businesses and small businesses. Seventy-five percent of the Commission members must be from the private sector. The chair of the Commission shall be selected from the appointed members by a majority vote of the Commission.

The Commission may form committees and invite non-Commission members to serve on those committees.

The duties of the Commission shall include: reviewing and periodically updating state's economic development strategy and performance measures, and performing an annual evaluation; providing policy direction to DCTED; identifying policies and programs to assist Washington's small businesses; assisting DCTED with procurement and deployment of private funds for business development, recruitment and promotion; providing policy direction to DCTED regarding the development of strategies that: (i) promote business retention, expansion and creation within the state; (ii) market state products and services; (iii) promote the state's business climate; (iv) enhance relationships and cooperation between local governments, economic development councils, state agencies, and the legislature; (v) integrate economic development programs; and (vi) increase the flexibility of funds available for economic development. The Commissioners shall also meet with the chairs and ranking minority members of the legislative committees overseeing economic development policies.

The Director of DCTED shall work with the Economic Development Commission to develop and implement economic development policies consistent with the advice of the Commission.

The Commission shall receive staff support from the Governor's office and the DCTED.

The Commission is required to provide a biennial report to the Legislature outlining the Commission's review of and recommendations regarding the state's laws, economic development policies, and programs. The first report is due by December 31, 2004.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** (Trade & Economic Development) It is important to create a permanent

Economic Development Commission. Washington needs continuity and stability in order to develop a comprehensive economic development plan. The Washington Roundtable Report recommended a permanent commission as did the Governor's Competitiveness Council. The current group, appointed by the Governor, has held several meetings. If a critical issue arises, a permanent Economic Development Commission can amass resources and stakeholders to address the issue. Chicago was able to do this when Boeing was deciding where to relocate.

**Testimony For:** (Appropriations) The Department of Community, Trade, and Economic Development (CTED) has been reorganized four times since 1994. Its economic development budget continues to be cut. It is time to create continuity in the long-term plan of investing and growing our economy. The Governor's Competitiveness Council (Council) recommended creating an Economic Development Commission (Commission) to review and update Washington's current economic development strategy. Other states, such as Oregon, have created strong economic development commissions that have attracted new businesses and retained current ones. Creating the Commission as permanent force in the developing of Washington's economy will make our state more competitive. The costs will be for staff support and meeting space; members will serve without compensation or travel reimbursement. The Council felt that it was important to create this Commission in statute for fear that, over time, an executive order might expire or people would lose interest. The Council wants economic development policies that are sustainable over time, a strategy that is revised and adapted to the needs of the state, and oversight over policies that are implemented. State and local entities promoting economic development at the local level need to coordinate by involving people locally in developing policy, and overseeing and providing direction on how policy is implemented.

The resources that CTED is able to commit to the Commission are not sufficient to handle the scope either of the executive order or of the bill given how the Commission believes it needs to organize itself to carry out those tasks.

**Testimony Against:** (Trade & Economic Development) None.

**Testimony Against:** (Appropriations) None.

**Testified:** (Trade & Economic Development) Collins Sprague, AVISTA Corporation; Sheila Martin, Governors Policy Officer; and Dawn Mason.

**Testified:** (Appropriations) Representative Skinner, prime sponsor; Wendy Holden, Department of Community, Trade, and Economic Development; and Collins Sprague, Avista Corporation.