
SENATE BILL 5641

State of Washington

59th Legislature

2005 Regular Session

By Senators Eide, Haugen, Shin, Keiser, Franklin, Rasmussen, McAuliffe and Kohl-Welles

Read first time 02/01/2005. Referred to Committee on International Trade & Economic Development.

1 AN ACT Relating to small business and entrepreneurial development;
2 amending RCW 28C.18.060, 43.162.020, and 50.20.095; adding a new
3 section to chapter 50.20 RCW; adding new sections to chapter 43.330
4 RCW; creating new sections; repealing RCW 28B.30.530 and 28B.30.533;
5 and making appropriations.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that the encouragement
8 of entrepreneurial development and business ownership is necessary if
9 the state's opportunities for economic growth and job creation are to
10 be realized. Recent research shows that new job growth comes primarily
11 from start-up firms and that entrepreneurial training and technical
12 assistance to small businesses and self-employed individuals can
13 increase the survival and success rate of new businesses.

14 The legislature further finds that: The state's current mechanisms
15 for encouraging and supporting entrepreneurship is inadequate; training
16 and technical support for small businesses and entrepreneurial
17 development is fragmented; no comprehensive plan guides the different
18 entities providing services; and there is no single point of leadership
19 and responsibility.

1 It is the intention of the legislature to increase job creation in
2 the state by providing a comprehensive network of technical assistance,
3 training, and support services to entrepreneurs and start-up firms;
4 encouraging self-employment, and coordinating private and public
5 support to entrepreneurs and start-up firms. It is the purpose of this
6 act to create a coordinated, efficient, responsive, and accountable
7 system to support small business and entrepreneurial development.

8 NEW SECTION. **Sec. 2.** The Washington entrepreneurial assistance
9 center is created in the department of community, trade, and economic
10 development.

11 (1) The center shall have a director who shall be appointed by the
12 director of the department of community, trade, and economic
13 development.

14 (2) The center shall have an advisory board composed of small
15 business owners and advocates, the chair of the economic development
16 commission, the director of the work force training and education
17 coordinating board, the executive director of the state board for
18 community and technical colleges, the commissioner of the employment
19 security department, representatives of the University of Washington
20 business school and the Washington state university college of business
21 and economics, and staff from small business development centers. Each
22 member of the advisory board may appoint a designee to function in his
23 or her place.

24 NEW SECTION. **Sec. 3.** The Washington entrepreneurial assistance
25 center shall:

26 (1) Develop and maintain a state comprehensive plan for small
27 business and entrepreneurial development. The plan shall include but
28 not be limited to setting measurable goals, objectives, and priorities
29 for (a) encouraging and supporting small business and entrepreneurial
30 development in the state; and (b) the coordination and delivery of
31 small business and entrepreneurial training and technical assistance;

32 (2) In conjunction with the work force training and education
33 coordinating board, (a) establish and maintain an inventory of the
34 entrepreneurial training and technical assistance services and programs
35 available in the state; (b) disseminate information about available
36 entrepreneurial development services and programs via in-person

1 presentations and electronic and printed materials; and (c) undertake
2 other activities to raise awareness of entrepreneurial training and
3 assistance offerings;

4 (3) Evaluate the extent to which existing entrepreneurial training
5 and technical assistance programs in the state are effective and
6 represent a consistent, integrated approach to meeting the needs of
7 start-up and existing entrepreneurs;

8 (4) Establish and administer small business development centers
9 consistent with the comprehensive plan developed in subsection (1) of
10 this section and provide a comprehensive system of client services
11 through the small business development centers to meet regional small
12 business, start-up, and entrepreneurial needs.

13 (5) Apply for federal and private funding to support the small
14 business development centers and other Washington entrepreneurial
15 assistance center functions;

16 (6) Advocate for the state's small business and entrepreneurial
17 development system and for meeting the needs of small start-ups and
18 existing entrepreneurs;

19 (7) Work with the department of community, trade, and economic
20 development, the work force training and education coordination board,
21 the employment security department, and the state board for community
22 and technical colleges to integrate the small business development
23 centers with other state economic development and work force
24 development programs and facilitate the development of
25 interinstitutional entrepreneurial training and assistance programs;

26 (8) Identify policies to reduce administrative and other barriers
27 to efficient delivery and coordination of entrepreneurial assistance;

28 (9) Develop with appropriate public and private entities
29 entrepreneurial instructional materials and curricula including
30 materials that meet the particular needs of rural and low-income
31 communities;

32 (10) Distribute awards for excellence in entrepreneurial training
33 and assistance;

34 (11) Report to the governor, the economic development commission,
35 the work force training and education coordinating board, and the
36 appropriate legislative committees its recommendations for statutory
37 changes necessary to enhance operational efficiencies or enhance
38 coordination.

1 NEW SECTION. **Sec. 4.** The services to be provided by the small
2 business development centers may be performed by independent
3 contractors, private nonprofit corporations, public institutions, and
4 local governments. Contracts shall be awarded on a competitive basis
5 by a request for proposal process. Small business development centers
6 may charge reasonable fees for services as approved by the Washington
7 entrepreneurial assistance center director.

8 NEW SECTION. **Sec. 5.** (1) The legislature finds that small
9 technology-based firms are the source of approximately one-half of the
10 economy's major innovations and that it is in the interest of the state
11 to increase participation by Washington state small businesses in the
12 federal small business innovation research program by assisting them in
13 becoming small business innovation research program grant recipients.

14 The legislature further finds that many small business innovators
15 lack the grant-writing skills necessary to prepare a successful small
16 business innovation research program proposal, and the federal program
17 that funded grant-writing assistance has stopped operations. Nearly
18 fifty percent of small businesses trained under the federal program won
19 grants compared to less than ten percent of those that did not receive
20 training.

21 (2) As used in this section:

22 (a) "Small business innovation research program" means the program,
23 enacted pursuant to the small business innovation development act of
24 1982, P.L. 97-219, that provided funds to small businesses to conduct
25 innovative research having commercial application.

26 (b) "Small business" means a corporation, partnership, sole
27 proprietorship, or individual, operating a business for profit, with
28 two hundred fifty employees or fewer, including employees employed in
29 a subsidiary or affiliated corporation, that otherwise meets the
30 requirements of the federal small business innovation research program.

31 (3) The Washington entrepreneurial assistance center shall
32 establish a small business innovation research program proposal review
33 process to train and assist Washington small businesses to win phase I
34 small business innovation research program awards.

35 (a) Each phase I application submitted to the Washington
36 entrepreneurial assistance center shall be reviewed by a previous small
37 business innovation research program participant or by a two-member

1 team composed of either two previous small business innovation research
2 program participants or an experienced grant writer and a previous
3 small business innovation research program participant. Each reviewer
4 or team shall provide such oral or written training and assistance to
5 an applicant as is appropriate.

6 (b) The Washington entrepreneurial assistance center shall give
7 priority to first-time small business innovation research program
8 applicants, new businesses, and firms with fewer than ten employees.

9 (c) The Washington entrepreneurial assistance center may charge a
10 fee for this service that is contingent upon the small business's
11 receipt of a phase I award.

12 (d) The Washington entrepreneurial assistance center may provide a
13 stipend to each reviewer or team participant providing training or
14 assistance.

15 **Sec. 6.** RCW 28C.18.060 and 1996 c 99 s 4 are each amended to read
16 as follows:

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

19 (1) Concentrate its major efforts on planning, coordination
20 evaluation, policy analysis, and recommending improvements to the
21 state's training system.

22 (2) Advocate for the state training system and for meeting the
23 needs of employers and the work force for work force education and
24 training.

25 (3) Establish and maintain an inventory of the programs of the
26 state training system, and related state programs, and perform a
27 biennial assessment of the vocational education, training, and adult
28 basic education and literacy needs of the state; identify ongoing and
29 strategic education needs; and assess the extent to which employment,
30 training, vocational and basic education, rehabilitation services, and
31 public assistance services represent a consistent, integrated approach
32 to meet such needs.

33 (4) Develop and maintain a state comprehensive plan for work force
34 training and education, including but not limited to, goals,
35 objectives, and priorities for the state training system, and review
36 the state training system for consistency with the state comprehensive
37 plan. In developing the state comprehensive plan for work force

1 training and education, the board shall use, but shall not be limited
2 to: Economic, labor market, and populations trends reports in office
3 of financial management forecasts; joint office of financial management
4 and employment security department labor force, industry employment,
5 and occupational forecasts; the results of scientifically based
6 outcome, net-impact and cost-benefit evaluations; the needs of
7 employers as evidenced in formal employer surveys and other employer
8 input; and the needs of program participants and workers as evidenced
9 in formal surveys and other input from program participants and the
10 labor community.

11 (5) In consultation with the higher education coordinating board,
12 review and make recommendations to the office of financial management
13 and the legislature on operating and capital facilities budget requests
14 for operating agencies of the state training system for purposes of
15 consistency with the state comprehensive plan for work force training
16 and education.

17 (6) Provide for coordination among the different operating agencies
18 and components of the state training system at the state level and at
19 the regional level.

20 (7) Develop a consistent and reliable data base on vocational
21 education enrollments, costs, program activities, and job placements
22 from publicly funded vocational education programs in this state.

23 (8) Establish standards for data collection and maintenance for the
24 operating agencies of the state training system in a format that is
25 accessible to use by the board. The board shall require a minimum of
26 common core data to be collected by each operating agency of the state
27 training system.

28 The board shall develop requirements for minimum common core data
29 in consultation with the office of financial management and the
30 operating agencies of the training system.

31 (9) Establish minimum standards for program evaluation for the
32 operating agencies of the state training system, including, but not
33 limited to, the use of common survey instruments and procedures for
34 measuring perceptions of program participants and employers of program
35 participants, and monitor such program evaluation.

36 (10) Every two years administer scientifically based outcome
37 evaluations of the state training system, including, but not limited
38 to, surveys of program participants, surveys of employers of program

1 participants, and matches with employment security department payroll
2 and wage files. Every five years administer scientifically based net-
3 impact and cost-benefit evaluations of the state training system.

4 (11) In cooperation with the employment security department,
5 provide for the improvement and maintenance of quality and utility in
6 occupational information and forecasts for use in training system
7 planning and evaluation. Improvements shall include, but not be
8 limited to, development of state-based occupational change factors
9 involving input by employers and employees, and delineation of skill
10 and training requirements by education level associated with current
11 and forecasted occupations.

12 (12) Provide for the development of common course description
13 formats, common reporting requirements, and common definitions for
14 operating agencies of the training system.

15 (13) Provide for effectiveness and efficiency reviews of the state
16 training system.

17 (14) In cooperation with the higher education coordinating board,
18 facilitate transfer of credit policies and agreements between
19 institutions of the state training system, and encourage articulation
20 agreements for programs encompassing two years of secondary work force
21 education and two years of postsecondary work force education.

22 (15) In cooperation with the higher education coordinating board,
23 facilitate transfer of credit policies and agreements between private
24 training institutions and institutions of the state training system.

25 (16) (~~Participate in the development of~~) Develop policy
26 objectives for the work force investment act, P.L. 105-220, or its
27 successor; develop coordination criteria for activities under the (~~job~~
28 ~~training partnership~~) act with related programs and services provided
29 by state and local education and training agencies; and ensure that
30 entrepreneurial training opportunities are available through programs
31 of each local work force investment board in the state.

32 (17) Make recommendations to the commission of student assessment,
33 the state board of education, and the superintendent of public
34 instruction, concerning basic skill competencies and essential core
35 competencies for K-12 education. Basic skills for this purpose shall
36 be reading, writing, computation, speaking, and critical thinking,
37 essential core competencies for this purpose shall be English, math,
38 science/technology, history, geography, and critical thinking. The

1 board shall monitor the development of and provide advice concerning
2 secondary curriculum which integrates vocational and academic
3 education.

4 (18) Establish and administer programs for marketing and outreach
5 to businesses and potential program participants.

6 (19) Facilitate the location of support services, including but not
7 limited to, child care, financial aid, career counseling, and job
8 placement services, for students and trainees at institutions in the
9 state training system, and advocate for support services for trainees
10 and students in the state training system.

11 (20) Facilitate private sector assistance for the state training
12 system, including but not limited to: Financial assistance, rotation
13 of private and public personnel, and vocational counseling.

14 (21) Facilitate the development of programs for school-to-work
15 transition that combine classroom education and on-the-job training,
16 including entrepreneurial education and training, in industries and
17 occupations without a significant number of apprenticeship programs.

18 (22) Include in the planning requirements for local work force
19 investment boards a requirement that the local work force investment
20 boards specify how entrepreneurial training is to be offered through
21 the one-stop system required under the work force investment act, P.L.
22 105-220, or its successor.

23 (23) Encourage and assess progress for the equitable representation
24 of racial and ethnic minorities, women, and people with disabilities
25 among the students, teachers, and administrators of the state training
26 system. Equitable, for this purpose, shall mean substantially
27 proportional to their percentage of the state population in the
28 geographic area served. This function of the board shall in no way
29 lessen more stringent state or federal requirements for representation
30 of racial and ethnic minorities, women, and people with disabilities.

31 ((+23+)) (24) Participate in the planning and policy development of
32 governor set-aside grants under P.L. 97-300, as amended.

33 ((+24+)) (25) Administer veterans' programs, licensure of private
34 vocational schools, the job skills program, and the Washington award
35 for vocational excellence.

36 ((+25+)) (26) Allocate funding from the state job training trust
37 fund.

1 (~~(26)~~) (27) Work with the director of community, trade, and
2 economic development to ensure coordination between work force training
3 priorities and that department's economic development and
4 entrepreneurial development efforts.

5 (~~(27)~~) (28) Adopt rules as necessary to implement this chapter.
6 The board may delegate to the director any of the functions of this
7 section.

8 **Sec. 7.** RCW 43.162.020 and 2003 c 235 s 3 are each amended to read
9 as follows:

10 The Washington state economic development commission shall perform
11 the following duties:

12 (1) Review and periodically update the state's economic development
13 strategy, including implementation steps, and performance measures, and
14 perform an annual evaluation of the strategy and the effectiveness of
15 the state's laws, policies, and programs which target economic
16 development;

17 (2) Provide policy, strategic, and programmatic direction to the
18 department of community, trade, and economic development regarding
19 strategies to:

20 (a) Promote business retention, expansion, and creation within the
21 state;

22 (b) Promote the business climate of the state and stimulate
23 increased national and international investment in the state;

24 (c) Promote products and services of the state;

25 (d) Enhance relationships and cooperation between local
26 governments, economic development councils, federal agencies, state
27 agencies, and the legislature;

28 (e) Integrate economic development programs, including work force
29 training, technology transfer, entrepreneurial development, and export
30 assistance; and

31 (f) Make the funds available for economic development purposes more
32 flexible to meet emergent needs and maximize opportunities;

33 (3) Identify policies and programs to assist Washington's start-up
34 firms and small businesses;

35 (4) Assist the department of community, trade, and economic
36 development with procurement and deployment of private funds for

1 business development, retention, expansion, and recruitment as well as
2 other economic development efforts;

3 (5) Meet with the chairs and ranking minority members of the
4 legislative committees from both the house of representatives and the
5 senate overseeing economic development policies; and

6 (6) Make a biennial report to the appropriate committees of the
7 legislature regarding the commission's review of the state's economic
8 development policy, the commission's recommendations, and steps taken
9 by the department of community, trade, and economic development to
10 implement the recommendations. The first report is due by December 31,
11 2004.

12 NEW SECTION. **Sec. 8.** A new section is added to chapter 50.20 RCW
13 to read as follows:

14 (1) The legislature finds that the establishment of a
15 self-employment assistance program would assist unemployed individuals
16 and create new businesses and job opportunities in Washington state.
17 The commissioner is directed to inform individuals identified as likely
18 to exhaust regular unemployment benefits of the opportunity to enroll
19 in commissioner-approved self-employment assistance programs.

20 (2) An unemployed individual is eligible to participate in a
21 self-employment assistance program if it has been determined that he or
22 she:

23 (a) Is otherwise eligible for regular benefits as defined in RCW
24 50.22.010;

25 (b) Has been identified as likely to exhaust regular unemployment
26 benefits under a profiling system established by the commissioner as
27 defined in P.L. 103-152; and

28 (c) Is enrolled in a self-employment assistance program that is
29 approved by the commissioner, and includes entrepreneurial training,
30 business counseling, technical assistance, and requirements to engage
31 in activities relating to the establishment of a business and becoming
32 self-employed.

33 (3) Individuals participating in a self-employment assistance
34 program approved by the commissioner are eligible to receive their
35 regular unemployment benefits.

36 (a) The requirements of RCW 50.20.010 and 50.20.080 relating to
37 availability for work, active search for work, and refusal to accept

1 suitable work are not applicable to an individual in the
2 self-employment assistance program for the first fifty-two weeks of the
3 individual's participation in the program.

4 (b) An individual who meets the requirements of this section is
5 considered to be "unemployed" under RCW 50.04.310 and 50.20.010.

6 (4) An individual who fails to participate in his or her approved
7 self-employment assistance program as prescribed by the commissioner is
8 disqualified from continuation in the program.

9 (5) The commissioner shall take all steps necessary in carrying out
10 this section to assure collaborative involvement of interested parties
11 in program development, and to ensure that the self-employment
12 assistance programs meet all federal criteria for withdrawal from the
13 unemployment fund. The commissioner may approve, as self-employment
14 assistance programs, existing self-employment training programs
15 available through community colleges, work force investment boards, or
16 other organizations and is not obligated by this section to expend any
17 departmental funds for the operation of self-employment assistance
18 programs, unless specific funding is provided to the department for
19 that purpose through federal or state appropriations.

20 (6) The commissioner may adopt rules as necessary to implement this
21 section.

22 **Sec. 9.** RCW 50.20.095 and 1980 c 74 s 4 are each amended to read
23 as follows:

24 Any individual registered at an established school in a course of
25 study providing scholastic instruction of twelve or more hours per
26 week, or the equivalent thereof, shall be disqualified from receiving
27 benefits or waiting period credit for any week during the school term
28 commencing with the first week of such scholastic instruction or the
29 week of leaving employment to return to school, whichever is the
30 earlier, and ending with the week immediately before the first full
31 week in which the individual is no longer registered for twelve or more
32 hours of scholastic instruction per week: PROVIDED, That registration
33 for less than twelve hours will be for a period of sixty days or
34 longer. The term "school" includes primary schools, secondary schools,
35 and "institutions of higher education" as that phrase is defined in RCW
36 50.44.037.

37 This disqualification shall not apply to any individual who:

1 (1) Is in approved training within the meaning of RCW 50.20.043;

2 (~~(e)~~)

3 (2) Is in an approved self-employment assistance program under
4 section 8 of this act; or

5 (3) Demonstrates to the commissioner by a preponderance of the
6 evidence his or her actual availability for work, and in arriving at
7 this determination the commissioner shall consider the following
8 factors:

9 (a) Prior work history;

10 (b) Scholastic history;

11 (c) Past and current labor market attachment; and

12 (d) Past and present efforts to seek work.

13 NEW SECTION. Sec. 10. (1) The small business development center
14 is hereby abolished and its powers, duties, and functions are hereby
15 transferred to the Washington entrepreneurial assistance center.

16 (2)(a) All reports, documents, surveys, books, records, files,
17 papers, or written material in the possession of the small business
18 development center shall be delivered to the custody of the Washington
19 entrepreneurial assistance center. All cabinets, furniture, office
20 equipment, motor vehicles, and other tangible property employed by the
21 small business development center shall be made available to the
22 Washington entrepreneurial assistance center. All funds, credits, or
23 other assets held by the small business development center shall be
24 assigned to the Washington entrepreneurial assistance center.

25 (b) Any appropriations made to the small business development
26 center shall, on the effective date of this section, be transferred and
27 credited to the Washington entrepreneurial assistance center.

28 (c) If any question arises as to the transfer of any personnel,
29 funds, books, documents, records, papers, files, equipment, or other
30 tangible property used or held in the exercise of the powers and the
31 performance of the duties and functions transferred, the director of
32 financial management shall make a determination as to the proper
33 allocation and certify the same to the state agencies concerned.

34 (3) All employees of the small business development center are
35 transferred to the jurisdiction of the Washington entrepreneurial
36 assistance center. All employees classified under chapter 41.06 RCW,
37 the state civil service law, are assigned to the Washington

1 entrepreneurial assistance center to perform their usual duties upon
2 the same terms as formerly, without any loss of rights, subject to any
3 action that may be appropriate thereafter in accordance with the laws
4 and rules governing state civil service.

5 (4) All rules and all pending business before the small business
6 development center shall be continued and acted upon by the Washington
7 entrepreneurial assistance center. All existing contracts and
8 obligations shall remain in full force and shall be performed by the
9 Washington entrepreneurial assistance center.

10 (5) The transfer of the powers, duties, functions, and personnel of
11 the small business development center shall not affect the validity of
12 any act performed before the effective date of this section.

13 (6) If apportionments of budgeted funds are required because of the
14 transfers directed by this section, the director of financial
15 management shall certify the apportionments to the agencies affected,
16 the state auditor, and the state treasurer. Each of these shall make
17 the appropriate transfer and adjustments in funds and appropriation
18 accounts and equipment records in accordance with the certification.

19 (7) Nothing contained in this section may be construed to alter any
20 existing collective bargaining unit or the provisions of any existing
21 collective bargaining agreement until the agreement has expired or
22 until the bargaining unit has been modified by action of the personnel
23 resources board as provided by law.

24 NEW SECTION. **Sec. 11.** The following acts or parts of acts are
25 each repealed:

26 (1) RCW 28B.30.530 (Small business development center--Services--
27 Use of funds) and 1984 c 77 s 1; and

28 (2) RCW 28B.30.533 (Construction of RCW 28B.30.530--Conflict with
29 federal requirements) and 1984 c 77 s 2.

30 NEW SECTION. **Sec. 12.** The sum of nine hundred thousand dollars,
31 or as much thereof as may be necessary, is appropriated from the
32 general fund to the department of community, trade, and economic
33 development for the biennium ending June 30, 2007, to carry out the
34 purposes of this act.

1 NEW SECTION. **Sec. 13.** The sum of forty-five thousand dollars, or
2 as much thereof as may be necessary, is appropriated for the biennium
3 ending June 30, 2007, from the general fund to the department of
4 community, trade, and economic development for the purposes of section
5 5 of this act.

6 NEW SECTION. **Sec. 14.** The Washington entrepreneurial assistance
7 center fund is created in the state treasury to receive program income
8 from small business development centers and such private and public
9 funds as are received to support small business development centers and
10 other Washington entrepreneurial assistance center functions.
11 Expenditures from the fund may only be used to support small business
12 development centers and other Washington entrepreneurial assistance
13 center functions, consistent with the Washington entrepreneurial
14 assistance center comprehensive plan.

15 NEW SECTION. **Sec. 15.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

19 NEW SECTION. **Sec. 16.** If any part of this act is found to be in
20 conflict with federal requirements that are a prescribed condition to
21 the allocation of federal funds to the state or the eligibility of
22 employers in this state for federal unemployment tax credits, the
23 conflicting part of this act is inoperative solely to the extent of the
24 conflict, and the finding or determination does not affect the
25 operation of the remainder of this act. Rules adopted under this act
26 must meet federal requirements that are a necessary condition to the
27 receipt of federal funds by the state or the granting of federal
28 unemployment tax credits to employers in this state.

29 NEW SECTION. **Sec. 17.** Sections 1 through 5 and 14 of this act are
30 each added to chapter 43.330 RCW.

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