## SSB 5741 - H COMM AMD

 By Committee on Community Development & Housing

## ADOPTED AS AMENDED 04/09/2011

1 Strike everything after the enacting clause and insert the 2 following:

"Sec. 1. RCW 43.162.005 and 2007 c 232 s 1 are each amended to read as follows:

(1) The legislature finds that ((Washington's innovation and tradedriven economy has provided tremendous opportunities for citizens of the state, but that there is no guarantee that globally competitive firms will continue to grow and locate in the state. The current economic development system is fragmented among numerous programs, councils, centers, and organizations with inadequate overall coordination and insufficient guidance built into the system to ensure that the system is responsive to its customers. The current economic development system's data-gathering and evaluation methods are inconsistent and unable to provide adequate information for determining how well the system is performing on a regular basis so the system may be held accountable for its outcomes.

The legislature also finds that developing a comprehensive economic development strategic plan to guide the operation of effective economic development programs, including workforce training, infrastructure development, small business assistance, technology transfer, and export assistance, is vital to the state's efforts to increase the competitiveness of state businesses, encourage employment growth, increase state revenues, and generate economic well being. There is a need for responsive and consistent involvement of the private sector in the state's economic development efforts. The legislature finds that there is a need for the development of coordination criteria for business recruitment, expansion, and retention activities carried out by the state and local entities. It is the intent of the legislature)) in order to achieve long-term global competitiveness, prosperity, and

- economic opportunity for all the state's citizens, Washington state must become the most attractive, creative, and fertile investment environment for innovation in the world.
- (2) The legislature finds that the state must take a strategic approach to fostering an innovation economy, and that success will be driven by public and private sector leaders who are committed to developing and advocating a shared vision and collaborating across organizational and geographic boundaries. The legislature therefore intends to create an economic development commission that will provide planning, coordination, evaluation, monitoring, and policy analysis and development for the state economic development system as a whole, and advice to the governor and legislature concerning the state economic development system.
- **Sec. 2.** RCW 43.162.010 and 2007 c 232 s 2 are each amended to read 15 as follows:

- (1) The Washington state economic development commission is established to ((oversee the economic development strategies and policies of the department of community, trade, and economic development)) assist the governor and legislature by providing leadership, direction, and guidance on a long-term and systematic approach to economic development that will result in enduring global competitiveness, prosperity, and economic opportunity for all the state's citizens.
- (2)(a) The ((Washington state economic development commission shall consist of eleven voting members)) commission consists of twenty-four members. Fifteen of the members must be voting members appointed by the governor as follows: ((Six)) Fight representatives of the private sector, one representative of labor from east of the crest of the Cascade mountains and one representative of labor from west of the crest of the Cascade mountains, one representative of port districts, one representative of four-year state public higher education, one representative ((for)) of state community or technical colleges, one representative with expertise in international trade, and one representative of associate development organizations. The director of the department of ((community, trade, and economic development)) commerce, the director of the workforce training and education coordinating board, the commissioner of the employment security

department, the secretary of the department of transportation, the director of the department of agriculture, and the chairs and ranking minority members of the standing committees of the house of representatives and the senate overseeing economic development policies ((shall)) must serve as nonvoting ex officio members.

- (b) Members may not designate alternates, substitutes, or surrogates. However, members may participate in a meeting by conference telephone or similar communications equipment so that all persons participating in the meeting can hear each other at the same time. Participation by that method constitutes presence in person at a meeting.
- (c) The chair of the commission ((shall)) must be a private sector voting member selected by the governor with the consent of the senate, and shall serve at the pleasure of the governor. ((In selecting the chair, the governor shall seek a person who understands the future economic needs of the state and nation and the role the state's economic development system has in meeting those needs.
- (b)) A vice chair must be elected by members of the commission but may not be the director of an executive branch agency or a member of the legislature. The vice chair must exercise the duties of the commission chair in his or her absence.
- (d) In making the appointments, the governor ((shall)) must consult with the commission and with organizations that have an interest in economic development, including, but not limited to, industry associations, labor organizations, minority business associations, economic development councils, chambers of commerce, port associations, tribes, and the chairs of the legislative committees with jurisdiction over economic development.
- ((<del>c)</del>)) (e) The members ((<del>shall</del>)) <u>must</u> be representative of the geographic regions of the state, including eastern and central Washington, as well as represent the ethnic diversity of the state. Private sector members ((<del>shall</del>)) <u>must</u> represent existing and emerging industries, small businesses, women-owned businesses, and minority-owned businesses. Members of the commission ((<del>shall</del>)) <u>must</u> serve statewide interests while preserving their diverse perspectives, and ((<del>shall</del>)) <u>must</u> be recognized leaders in their fields with demonstrated experience in economic development, <u>innovation</u>, or disciplines related to economic development.

(3) Members appointed by the governor ((shall)) serve at the pleasure of the governor for not more than two consecutive three-year terms, except that, as determined by the governor, the terms of four of the appointees on the commission on the effective date of this section expire in 2012, the terms of four of the appointees on the commission on the effective date of this section expire in 2013, and the terms of three of the appointees on the commission on the effective date of this section expire in 2014. Thereafter all terms are for three years. Vacancies must be filled in the same manner as the original appointments.

- (4) The commission may establish committees as it desires, and may invite nonmembers of the commission to serve as committee members.
- (5) The executive director of the commission ((shall)) must be appointed by the governor with the consent of the ((voting members of the)) commission. The salary of the executive director must be set by the governor with the consent of the commission. The governor may dismiss the executive director only with the approval of a majority vote of the commission. The commission, by a majority vote, may dismiss the executive director with the approval of the governor. The commission must evaluate the performance of the executive director in a manner consistent with the process used by the governor to evaluate the performance of agency directors.
- 23 (6) The commission may adopt ((rules)) policies and procedures for 24 its own governance.
- NEW SECTION. Sec. 3. A new section is added to chapter 43.162 RCW to read as follows:
- For the purposes of this chapter, unless the context clearly requires otherwise, "commission" means the Washington state economic development commission created under RCW 43.162.005.
- **Sec. 4.** RCW 43.162.015 and 2007 c 232 s 3 are each amended to read 31 as follows:
- (1) ((The commission shall employ an executive director.)) The
  executive director ((shall serve as chief executive officer of the
  commission and shall)) of the commission must serve as its chief
  executive officer. Subject to available resources and in accordance
  with commission direction, the executive director must:

- (a) Administer the provisions of this chapter, employ such personnel as may be necessary to implement the purposes of this chapter, utilize staff of existing operating agencies to the fullest extent possible, and employ outside consulting and service agencies when appropriate(( $\cdot$ 
  - (2) The executive director may not be the chair of the commission.
  - (3) The executive director shall));

- (b) Appoint necessary staff who (( $\frac{\text{shall be}}{\text{be}}$ )) are exempt from the provisions of chapter 41.06 RCW. The executive director's appointees (( $\frac{\text{shall}}{\text{shall}}$ )) serve at the executive director's pleasure on such terms and conditions as the executive director determines but subject to chapter 42.52 RCW.
- 13 ((<del>(4)</del> The executive director shall appoint and employ such other 14 employees as may be required for the proper discharge of the functions 15 of the commission.
  - (5)) The executive director must implement a hiring process for a research manager responsible for managing the data collection, database, and evaluation functions under RCW 43.162.020 and 43.162.025. By October 1, 2011, the executive director must make a recommendation to the commission on a qualified candidate to fill the research manager position. The commission is responsible for making the final decision on hiring the research manager. The research manager must be hired within existing resources;
  - (c) Appoint employees who are subject to the provisions of chapter 41.06 RCW; and
  - (d) Contract with additional persons who have specific technical expertise if needed to carry out a specific, time-limited project.
  - (2) The executive director ((shall exercise such additional powers)) must exercise additional authority, other than rule making, as may be delegated by the commission.
  - (3) The executive director must develop for commission review and approval an annual commission budget and work plan in accordance with the omnibus appropriations bill approved by the legislature, and must present a fiscal report to the commission quarterly for its review and comment.
- 36 (4) The executive director of the commission must report solely to
  37 the governor and the commissioners on matters pertaining to commission
  38 operations.

**Sec. 5.** RCW 43.162.020 and 2009 c 151 s 9 are each amended to read 2 as follows:

((The Washington state economic development commission shall:

- (1) Concentrate its major efforts on planning, coordination, evaluation, policy analysis, and recommending improvements to the state's economic development system using, but not limited to, the "Next Washington" plan and the global competitiveness council recommendations;
- (2) Develop and maintain on a biennial basis a state comprehensive plan for economic development, including but not limited to goals, objectives, and priorities for the state economic development system; identify the elements local associate development organizations must include in their countywide economic development plans; and review the state system for consistency with the state comprehensive plan. The plan shall)) (1) The commission must concentrate its major efforts on strategic planning, policy research and analysis, advocacy, evaluation, and promoting coordination and collaboration.
- (2) During each regular legislative session, the commission must consult with appropriate legislative committees about the state's economic development needs and opportunities.
- (3)(a) By October 1st of each even-numbered year, the commission must submit to the governor and legislature a biennial comprehensive statewide economic development strategy with a report on progress from the previous comprehensive strategy.
- (b) The comprehensive statewide economic development strategy must include the industry clusters in the state and the strategic clusters targeted by the commission for economic development efforts. The commission ((shall)) must consult with the workforce training and education coordinating board and include labor market and economic information by the employment security department in developing the list of clusters and strategic clusters that meet the criteria identified by the working group convened by the economic development commission and the workforce training and education coordinating board under chapter 43.330 RCW.
- (4)(a) In developing the ((state comprehensive plan for economic development)) comprehensive statewide economic development strategy, the commission ((shall)) <u>must</u> use, but may not be limited to: Economic, labor market, and populations trend reports in office of

financial management forecasts; the annual state economic climate
report prepared by the economic climate council; joint office of
financial management and employment security department labor force,
industry employment, and occupational forecasts; the results of
scientifically based outcome evaluations; the needs of industry
associations, industry clusters, businesses, and employees as evidenced
in formal surveys and other input((;

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- (3) Establish and maintain an inventory of the programs of the state economic development system and related state programs; perform a biennial assessment of the ongoing and strategic economic development needs of the state; and assess the extent to which the economic development system and related programs represent a consistent, coordinated, efficient, and integrated approach to meet such needs; and
- (4) Produce a biennial report to the governor and the legislature on progress by the commission in coordinating the state's economic development system and meeting the other obligations of this chapter, as well as include recommendations for any statutory changes necessary to enhance operational efficiencies or improve coordination.
- The commission may delegate to the executive director any of the functions of this section)).
- 21 <u>(b) The comprehensive statewide economic development strategy may</u>
  22 <u>include:</u>
  - (i) An assessment of the state's economic vitality;
- 24 <u>(ii) Recommended goals, objectives, and priorities for the next</u> 25 biennium, and the future;
- 26 <u>(iii) A common set of outcomes and benchmarks for the economic</u> 27 development system as a whole;
- (iv) Recommendations for removing barriers and promoting collaboration among participants in the innovation ecosystem;
- 30 (v) An inventory of existing relevant programs compiled by the
  31 commission from materials submitted by agencies;
- (vi) Recommendations for expanding, discontinuing, or redirecting
  existing programs, or adding new programs; and
- 34 <u>(vii) Recommendations of best practices and public and private</u>
  35 <u>sector roles in implementing the comprehensive statewide economic</u>
  36 development strategy.
- 37 <u>(5) In developing the biennial statewide economic development</u> 38 strategy, plans, inventories, assessments, and policy research, the

commission must consult, collaborate, and coordinate with relevant state agencies, private sector businesses, nonprofit organizations involved in economic development, trade associations, and relevant local organizations in order to avoid duplication of effort.

- (6) State agencies must cooperate with the commission and provide information as the commission may reasonably request.
- (7) The commission must develop a biennial budget request for approval by the office of financial management. The commission must adopt an annual budget and work plan in accordance with the omnibus appropriations bill approved by the legislature.
- (8) Of state appropriated funds for the operation of the commission, the state agency serving as the commission's fiscal agent may use no more than ten percent of funds appropriated for commission personnel costs and no more than three percent of funds in the Washington state economic development commission account to cover administrative expenses.
  - (9)(a) The commission and its fiscal agent must jointly develop and adopt a memorandum of understanding to outline and establish clear lines of authority and responsibility between them related to budget and administrative services.
  - (b) The memorandum of understanding may not provide any additional grant of authorities to the commission or the fiscal agent that is not already provided for by statute, nor diminish any authorities or powers granted to either party by statute.
  - (c) Periodically, but not less often than biannually, the commission and fiscal agent must review the memorandum of understanding and, if necessary, recommend changes to the other party.
  - (d) As provided generally under RCW 43.162.015, the executive director of the commission must report solely to the governor and the commissioners on matters pertaining to commission operations.
- (10) To maintain its objectivity and concentration on strategic planning, policy research and analysis, and evaluation, the commission may not take an administrative role in the delivery of services. However, subject to available resources and consistent with its work plan, the commission or the executive director may conduct outreach activities such as regional forums and best practices seminars.
- 37 <u>(11) The commission must evaluate its own performance on a regular</u> 38 basis.

- 1 (12) The commission may accept gifts, grants, donations, 2 sponsorships, or contributions from any federal, state, or local 3 governmental agency or program, or any private source, and expend the 4 same for any purpose consistent with this chapter.
- **Sec. 6.** RCW 43.162.025 and 2007 c 232 s 5 are each amended to read 6 as follows:
  - (1) Subject to available funds, the Washington state economic development commission may:
- $((\frac{1}{1}))$  <u>(a)</u> Periodically review for consistency with the state 10 comprehensive plan for economic development the policies and plans 11 established for:
  - ((\(\frac{(a)}{a}\)) (i) Business and technical assistance by the small business development center, the Washington manufacturing service, the Washington technology center, associate development organizations, the department of ((\(\frac{community}{community}\), \(\text{trade}\), and economic development)) \(\frac{community}{commerce}\), and the office of minority and women-owned business enterprises;
  - $((\frac{b}{b}))$  (ii) Export assistance by the small business export finance assistance center, the international marketing program for agricultural commodities and trade, the department of agriculture, the center for international trade in forest products, associate development organizations, and the department of  $(\frac{community}{trade}, \frac{commerce}{trade};$  and
  - $((\frac{c}{c}))$  <u>(iii)</u> Infrastructure development by the department of  $(\frac{community}{community}, \frac{commerce}{community})$  and the department of transportation; <u>and</u>
  - $((\frac{1}{2}))$  (b) Review and make recommendations to the office of financial management and the legislature on budget requests and legislative proposals relating to the state economic development system for purposes of consistency with the state comprehensive plan for economic development ( $(\frac{1}{2})$ )
  - (3) Provide for coordination among the different agencies, organizations, and components of the state economic development system at the state level and at the regional level;
- 34 (4) Advocate for the state economic development system and for
  35 meeting the needs of industry associations, industry clusters,
  36 businesses, and employees;
- 37 (5) Identify partners and)).

(2) The Washington state economic development commission must:

- (a) In collaboration with the department of commerce and other partners, develop a plan ((to develop)) for a consistent and reliable database on participation rates, costs, program activities, and outcomes from publicly funded economic development programs in this state by ((January 1, 2011.)) October 1, 2012;
- ((<del>(a) In coordination with the development of the database, the commission shall</del>))
- (b) By October 1, 2012, establish standards for data collection and maintenance for providers in the economic development system in a format that is accessible to use by the commission. The commission ((shall)) must require a minimum of common core data to be collected by each entity providing economic development services with public funds and shall develop requirements for minimum common core data in consultation with the economic climate council, the office of financial management, and the providers of economic development services;
- $((\frac{b)}{b})$  The commission shall))  $\underline{(c)}$  Establish minimum common standards and metrics for program evaluation of economic development programs, and monitor such program evaluations; and
- (((c) The commission shall,)) (d) Beginning no later than January 1, 2012, periodically administer, based on a schedule established by the commission, scientifically based outcome evaluations of the state economic development system including, but not limited to, surveys of industry associations, industry cluster associations, and businesses served by publicly funded economic development programs; matches with employment security department payroll and wage files; and matches with department of revenue tax files; and
- $((\frac{(6)}{(6)}))$  <u>(e)</u> Evaluate proposals for expenditure from the economic development strategic reserve account and recommend expenditures from the account.
- ((The commission may delegate to the director any of the functions of this section.)) (3) The governor or legislature may direct the commission, from time to time, to undertake additional research and policy analysis, assessments, or other special projects related to its mission.
- **Sec. 7.** RCW 43.162.030 and 2007 c 232 s 7 are each amended to read as follows:

1 Creation of the ((Washington state economic development))
2 commission ((shall)) may not be construed to modify any authority or
3 budgetary responsibility of the governor or the department of
4 ((community, trade, and economic development)) commerce.

<u>NEW SECTION.</u> **Sec. 8.** A new section is added to chapter 43.162 RCW to read as follows:

- (1) The Washington state economic development commission account is created in the state treasury. All receipts from gifts, grants, donations, sponsorships, or contributions under RCW 43.162.020 must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used by the Washington state economic development commission only for purposes related to carrying out the mission, roles, and responsibilities of the commission.
- (2) Whenever any money, from the federal government or from other sources, that was not anticipated in the budget approved by the legislature, has actually been received and is designated to be spent for a specific purpose, the executive director must use the unanticipated receipts process as provided in RCW 43.79.270 to request authority to spend the money.
- 21 Sec. 9. RCW 43.84.092 and 2010 1st sp.s. c 30 s 20, 2010 1st sp 22 s c 9 s 7, 2010 c 248 s 6, 2010 c 222 s 5, 2010 c 162 s 6, and 2010 c 23 145 s 11 are each reenacted and amended to read as follows:
  - (1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.
  - (2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement

act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

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- (3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.
- (4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:
- The following accounts and funds shall receive their (a) proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the budget stabilization account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the common school construction fund, the county arterial preservation account, the county criminal justice assistance account, the county sales and use tax equalization account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the education construction fund, the education legacy trust account, the election account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The

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

- the state route number 520 corridor account, the supplemental pension 1 2 account, the Tacoma Narrows toll bridge account, the teachers' 3 retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control 4 account, the tobacco settlement account, the transportation 2003 5 account (nickel account), the transportation equipment fund, the 6 7 transportation fund, the transportation improvement account, the 8 transportation improvement board bond retirement account, the 9 transportation infrastructure account, the transportation partnership 10 account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University 11 12 of Washington building account, the urban arterial trust account, the 13 volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' 14 administrative fund, the Washington judicial retirement system account, 15 the Washington law enforcement officers' and firefighters' system plan 16 1 retirement account, the Washington law enforcement officers' and 17 firefighters' system plan 2 retirement account, the Washington public 18 19 safety employees' plan 2 retirement account, the Washington school 20 employees' retirement system combined plan 2 and 3 account, the 21 Washington state economic development commission account, the Washington state health insurance pool account, the Washington state 22 patrol retirement account, the Washington State University building 23 24 account, the Washington State University bond retirement fund, the water pollution control revolving fund, and the Western Washington 25 26 University capital projects account. Earnings derived from investing 27 balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific 28 permanent fund, and the state university permanent fund shall be 29 30 allocated to their respective beneficiary accounts. 31
  - (b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.
- 37 (5) In conformance with Article II, section 37 of the state

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

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