**1783-S AMS HASE S3218.1 - NOT FOR FLOOR USE**

**SHB 1783** - S AMD TO WM COMM AMD (S-2951.1/23) **401**

By Senator Hasegawa

**PULLED 04/11/2023**

On page 2, after line 3, insert the following:

"**Sec.**  RCW 43.330.082 and 2014 c 112 s 112 are each amended to read as follows:

(1)(a) Contracting associate development organizations must provide the department with measures of their performance and a summary of best practices shared and implemented by the contracting organizations. Annual reports must include the following information to show the contracting organization's impact on employment and overall changes in employment:

(i) Current employment and economic information for the community or regional area produced by the employment security department; ((~~the~~))

(ii) The net change from the previous year's employment and economic information using data produced by the employment security department; ((~~other~~))

(iii) Other relevant information on the community or regional area; ((~~the~~))

(iv) The amount of funds received by the contracting organization through its contract with the department; ((~~the~~))

(v) The amount of funds received by the contracting organization through all sources; ((~~and the~~))

(vi) The contracting organization's impact on employment through all funding sources; and

(vii) The amount and use of funds received as grants by the contracting organization from the department.

Annual reports may include the impact of the contracting organization on wages, exports, tax revenue, small business creation, foreign direct investment, business relocations, expansions, terminations, and capital investment. Data must be input into a common web-based business information system managed by the department. Specific measures, data standards, and data definitions must be developed in the contracting process between the department and the contracting organization every two years. Except as provided in (b) of this subsection, performance measures should be consistent across regions to allow for statewide evaluation.

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

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

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

(2)(a) The department and contracting associate development organizations must agree upon specific target levels for the performance measures in subsection (1) of this section. Comparison of agreed thresholds and actual performance must occur annually.

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

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

(3) In addition to information required in subsection (1) of this section, contracting organizations must provide certain information on how their grants foster equity, deliver inclusive economic development, and address equity gaps in their communities. This information must at least identify the amount of financial assistance provided to, and the number of businesses and entrepreneurs served by, the contracting organization that are certified by: The office of minority and women's business enterprises under chapter 39.19 RCW, the department of veterans affairs under chapter 43.60A RCW, and businesses not yet certified but that self-report as meeting the requirements of certification.

(4) The department must submit a final report to the legislature by December 31st of each even-numbered year on the performance results of the contracts with associate development organizations, including information on how the associate development organizations' grants foster equity, deliver inclusive economic development, and address equity gaps in their communities."

On page 2, line 5, after "insert" insert "amending RCW 43.330.082;"

EFFECT: Requires ADOs to provide information on how their grants foster equity, deliver inclusive economic development, and address equity gaps in their communities in their annual report to Commerce. This information must at least identify the amount of financial assistance and the number of businesses served by the ADO that are certified by: The office of minority and women's business enterprises, by the department of veterans affairs, and businesses not yet certified with these organizations but that self-report as meeting the requirements of certification.