

SENATE BILL REPORT

SHB 1717

As of March 14, 2023

Title: An act relating to supporting innovation at associate development organizations.

Brief Description: Supporting innovation at associate development organizations.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Rule, Corry, Paul, Stonier, Chapman, Duerr and Timmons).

Brief History: Passed House: 3/4/23, 90-6.

Committee Activity: Business, Financial Services, Gaming & Trade: 3/14/23.

Brief Summary of Bill

- Requires the Department of Commerce to establish an annual competitive grant program to support and catalyze initiatives to foster innovation, sustainability, partnerships, and equity at associate development organizations.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Staff: Kellee Gunn (786-7429)

Background: Associate Development Organizations. Associate Development Organizations (ADOs) are under contract with the state to provide economic development services in the communities that they represent. As part of their contracts, ADOs are required to submit annual performance reports to the Department of Commerce (Commerce), which Commerce compiles as a report and submits to the Legislature biennially.

The annual base funding an ADO receives from the state is dependent on local matching funds as well as whether the county served is a rural county. Funding is provided on a per capita basis. Commerce may consider an ADO's total resources when making contracting

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and fund allocation decisions.

Summary of Bill: Commerce must establish an annual competitive grant program to support and catalyze initiatives to foster innovation, sustainability, partnerships, and equity at ADOs. Commerce shall develop grant criteria with relevant stakeholders and award funding based on initiatives aligned with its work and priorities. Awards must be given equitably across the state.

Grant recipients must provide information on the use of their award funding to Commerce, and Commerce must provide that information in its report to the Legislature beginning with its December 31, 2026, report.

The Associate Development Organization Innovation, Sustainability, Partnerships, and Equity Grant Account is created in the custody of the state treasurer. Moneys in the account may be spent only after an appropriation. The account may consist of state appropriations, private contributions, and other sources, to fund the grant program. Expenditures may only be used for the grant program.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: I've been in my role at Thurston County's ADO since 2004. The 34 ADOs have worked together, in coordination, to recover and reengage the economy. This bill is about growing the number of jobs, reinvesting money to bring in more revenue, and increasing economic activity. ADOs have a strong ROI for the communities they serve. For every dollar that goes into our ADO, we bring back \$16 to the local community. Our ADO serves just under 10,000 businesses and we would use this as a tool to launch new businesses and entrepreneurs. Our center for business innovation, and our women's business center could serve more people as a result of this legislation. The last few years have not been easy for economic development. ADO funding models have remained stagnant. ADOs do not receive COLAs, or other adjustments.

As Washington's only trade organization focused on economic development, we think this is just the right investment to support economic development and foster innovation. Passage of this bill is a critical step to support an intergovernmental network that will be a resource to catalyze innovative initiatives. This will build facilities and create and retain jobs. Please consider making the strong ADO partnership with the state even more impactful.

Persons Testifying: PRO: Suzanne Dale Estey, Washington Economic Development

Association; Michael Cade, Thurston Economic Development Council.

Persons Signed In To Testify But Not Testifying: No one.