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**SUBSTITUTE HOUSE BILL 1989**

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**State of Washington**

**53rd Legislature**

**1993 Regular Session**

**By** House Committee on Trade, Economic Development & Housing (originally sponsored by Representatives Wineberry, Quall, Sheldon, Shin, Conway, Springer, Morris, Valle, Campbell, Patterson, Veloria, Roland, Lemmon, Rayburn, Karahalios, Pruitt and J. Kohl)

Read first time 03/03/93.

1 AN ACT Relating to economic diversification; amending RCW  
2 43.63A.450; adding a new section to chapter 43.41 RCW; adding a new  
3 section to chapter 43.31 RCW; creating a new section; and making  
4 appropriations.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that state-supported  
7 economic development efforts, including work force training, technology  
8 transfer, and industrial modernization, can make a significant  
9 difference in the health and diversification of the state's economy.  
10 There are numerous federal and private economic development grant  
11 programs and research projects designed to increase the competitiveness  
12 of American firms and local work forces, for which state agencies and  
13 local consortiums are eligible to apply. The legislature further  
14 finds that state agencies in Washington have not maximized the  
15 opportunities available to them to facilitate the receipt of federal  
16 and private funds by Washington firms, nor have they maximized the  
17 opportunities available to receive federal funds directly to augment  
18 state economic development efforts.

1 The legislature declares that it is the state's policy to maximize  
2 the use of federal and private funds for economic development purposes  
3 and to devote state resources to leverage federal and private dollars  
4 to supplement state economic development efforts, such as economic  
5 diversification. In furtherance of this policy, it is the purpose of  
6 section 2 of this act to authorize and fund a technical assistance and  
7 grant writing program within the office of financial management.

8 The legislature also declares that economic diversification, the  
9 process of making communities less reliant on one industry for their  
10 economic viability, can only be successful when federal and state  
11 resources are maximized and public-private partnerships are  
12 established. The community diversification program, created in 1990  
13 and now a national model, likely cannot accomplish its purpose unless:  
14 Communities have access to resources such as the grant assistance  
15 program created in section 2 of this act; program funding cuts are  
16 restored and program funding is increased; and a targeted  
17 diversification fund is established to make local grants through the  
18 community diversification program. The purpose of this act is to: (1)  
19 Establish a grant assistance program to help local communities,  
20 especially those seeking to diversify, to build capacity locally for  
21 economic development; (2) increase the funding for the community  
22 diversification program; and (3) establish a diversification grant  
23 fund.

24 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.41 RCW  
25 to read as follows:

26 The economic development grants program is created in the office of  
27 financial management. The program shall be operated by a managing  
28 director with the support of at least one grant writer either on  
29 contract or on staff. The managing director shall:

30 (1) Regularly review the federal register for opportunities to  
31 apply for grants, research projects, and demonstration projects;

32 (2) Stay abreast of grant opportunities with private foundations;

33 (3) Correspond and meet with federal officials, including those in  
34 the small business administration, the department of labor, the  
35 department of commerce, and the department of health and human  
36 services, as well as foundation officials, on the prospects for  
37 obtaining federal and private funds for economic development purposes  
38 in Washington state;

1 (4) Work with the agency heads and division directors of the  
2 departments of trade and economic development, the employment security  
3 department, the department of agriculture, the department of community  
4 development, the Washington technology center, and other state agencies  
5 as appropriate, to apprise them of the opportunities for federal and  
6 private grant dollars for economic development projects;

7 (5) Work with business, labor, and community groups to apprise them  
8 of the opportunities for federal and private grant dollars for economic  
9 development projects via publications, electronic bulletin boards, or  
10 toll-free phone lines;

11 (6) Assist state agencies in their grant-seeking efforts for  
12 economic development projects. Grant writing for and assistance in  
13 grant writing for projects sponsored or cosponsored by state agencies  
14 shall be the highest priority of the program's work;

15 (7) Assist local business, labor, and community consortiums in  
16 their grant-seeking efforts for economic development projects.

17 (8) Facilitate coordination and linkages between agencies and  
18 between local consortiums and state agencies that will increase the  
19 likelihood of success in grant seeking; and

20 (8) Garner the political support necessary from federal and state  
21 elected and appointed officials for success in grant seeking.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.31 RCW  
23 to read as follows:

24 The department shall ensure that the business assistance center,  
25 the small business development centers, and the associate development  
26 organizations that operate under the authority of the department notify  
27 their constituencies and clients of the availability of the technical  
28 assistance services of the economic development grants program created  
29 in section 2 of this act.

30 **Sec. 4.** RCW 43.63A.450 and 1990 c 278 s 2 are each amended to read  
31 as follows:

32 The community diversification program is created in the department  
33 of community development. The program shall include:

34 (1) The monitoring and forecasting of shifts in the economic  
35 prospects of major defense employers in the state. This shall include  
36 but not be limited to the monitoring of defense contract expenditures,

1 other federal contracts, defense employment shifts, the aircraft and  
2 aerospace industry, computer products, and electronics;

3 (2) The identification of cities, counties, or regions within the  
4 state that are primarily dependent on defense or other federal  
5 contracting and the identification of firms dependent on federal  
6 defense contracts;

7 (3) Assistance to communities in broadening the local economic base  
8 through the provision of management assistance, assistance in  
9 financing, entrepreneurial training, and assistance to businesses in  
10 using off-the-shelf technology to start new production processes or  
11 introduce new products;

12 (4) Formulating a state plan for diversification in defense  
13 dependent communities in collaboration with the employment security  
14 department, the department of trade and economic development, and the  
15 office of financial management. The plan shall use the information  
16 made available through carrying out subsections (1) and (2) of this  
17 section; (~~and~~)

18 (5) The identification of diversification efforts conducted by  
19 other states, the federal government, and other nations, and the  
20 provision of information on these efforts, as well as information  
21 gained through carrying out subsections (1) and (2) of this section, to  
22 firms, communities, and (~~workforces~~) work forces that are defense  
23 dependent; and

24 (6) Establishing and administering a grant program to local  
25 governments, nonprofit organizations, or labor unions for  
26 diversification efforts.

27 The department shall, beginning January 1, 1992, report annually to  
28 the governor and the legislature on the activities of the community  
29 diversification program.

30 NEW SECTION. Sec. 5. (1) Eight hundred thousand dollars is  
31 appropriated for the biennium ending June 30, 1995, to the department  
32 of community development from the general fund for the community  
33 diversification program under RCW 43.63A.450; of this amount, four  
34 hundred thousand dollars shall be used for grants under RCW  
35 43.63A.450(6).

1           (2) Two hundred thousand dollars is appropriated for the biennium  
2 ending June 30, 1995, to the office of financial management from the  
3 general fund for purposes of section 2 of this act.

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