

# HOUSE BILL REPORT

## HB 1234

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**As Reported by House Committee On:**  
Trade & Economic Development

**Title:** An act relating to cluster-based economic development.

**Brief Description:** Establishing an industry cluster-based approach to economic development.

**Sponsors:** Representatives Pettigrew, Veloria, McCoy, Conway and Chase.

**Brief History:**

**Committee Activity:**

Trade & Economic Development: 1/28/03, 1/30/03 [DPS].

**Brief Summary of Substitute Bill**

- Directs the Department of Community, Trade & Economic Development (DCTED) to identify industry clusters, working with various entities and to develop strategies to foster the development of the state and regional industry clusters.

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Veloria, Chair; Eickmeyer, Vice Chair; Skinner, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Blake, Chase, Condotta, Kristiansen, McCoy, Pettigrew and Priest.

**Staff:** Tracey Taylor (786-7196).

**Background:**

A cluster is a geographic grouping of interdependent, competitive companies, their suppliers and supporting institutions. They represent regional specialization and comparative advantage. There is a growing interest in looking at particular industry clusters in Washington to better focus the public support of economic development. This includes looking at the natural clusters to be more responsive in creating an educated and skilled workforce to support the clusters and providing the necessary public

infrastructure.

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**Summary of Substitute Bill:**

The DCTED must work with industry associations and organizations to identify regional and statewide industry clusters. This includes conducting focus groups, supporting the formation of industry cluster associations, and providing methods of economic communication and information among the firms within the industry clusters.

The DCTED must also work with industry clusters, private organizations, local governments, federally recognized Indian tribes, local economic development organizations and higher education and training institutions to develop strategies to strengthen Washington's industry clusters. On a continuing basis, the DCTED should evaluate the effectiveness of the services provided to the industry clusters.

**Substitute Bill Compared to Original Bill:**

The substitute bill directs DCTED to also work with federally recognized Indian tribes when developing cluster strategies.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2003.

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

**Testimony For:** Development of economic growth strategies focus on industry clusters to foster a strong economy. Clusters build on our current economy and our economic identity. Examples of current clusters are aerospace, agriculture and high technology. The aerospace cluster has been very important to our state with two jobs created for every one job at Boeing. Clusters also help focus state marketing efforts. Washington has a very strong concentration in applied sciences, from the research universities to private labs, and is an example of another natural cluster.

**Testimony Against:** None.

**Testified:** Representative Pettigrew, prime sponsor; and Jerry Smedes, Northwest Environmental Business Council.