

HOUSE BILL REPORT

HB 1509

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

Title: An act relating to establishing the Washington state economic development commission to replace the governor's small business improvement council.

Brief Description: Establishing the economic development commission.

Sponsors: Representatives Skinner, Veloria, Sehlin, Pettigrew, McDonald, Schual-Berke, McCoy, McDermott, Linville, Upthegrove and Conway.

Brief History:

Committee Activity:

Trade & Economic Development: 2/7/03, 2/13/03 [DPS];
Appropriations: 2/25/03, 2/26/03 [DPS(TED)].

Brief Summary of Substitute Bill

- Eliminates the Governor's Small Business Improvement Council.
- Creates, in statute, the Governor's Economic Development Commission.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Veloria, Chair; Skinner, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Blake, Chase, Condotta, Kristiansen, Pettigrew and Priest.

Staff: Tracey Taylor (786-7196).

Background:

The Governor's Small Business Improvement Council was created in 1984. The council ranges in size between 15 and 30 members and includes legislators, members of business organizations and small business owners. Ex officio members representing key state agencies are also included.

The focus of the Governor's Small Business Improvement Council is to identify regulatory, administrative and legislative proposals that will improve the entrepreneurial environment for small businesses as well as advise and comment on state business programs.

In September 2002, Governor Locke created a state Economic Development Commission (Commission) to help guide Washington's economic development policy and provide continuity to the state's economic strategy. The Commission was formed on the recommendation of Governor Locke's Competitiveness Council.

The Commission has 14 business leaders from across the state and a representative from the labor community. The Commission is to provide policy oversight and long-term guidance on issues directly related to the state's economy to the Department of Community, Trade & Economic Development (DCTED). The Governor directed the Commission to review and update current economic development strategy and performance measures, and perform an annual evaluation, as well as assisting the DCTED on the procurement and deployment of private funds for business development, recruitment and promotion. The Commission is also to solicit ideas from citizens around the state.

Summary of Substitute Bill:

The Commission shall consist of nine to 15 members, appointed by the Governor and confirmed by the Senate. The Governor must consult organizations with an interest in economic development in making the appointments. Commission members must have representation from eastern Washington, central Washington, southwest Washington, the Peninsula, Central Puget Sound and Northern Puget Sound and reflect the state's various business sectors. At least seven members must be selected from private businesses within Washington. The Governor should also consider ethnic and gender diversity when making appointments.

Commission members shall serve at the pleasure of the Governor for six-year terms. The initial Commission members' terms are staggered: three are appointed for two-year terms, three are appointed for four-year terms and the remainder serve the full six years. A member cannot serve more than one year without Senate confirmation.

The duties of the Commission include: reviewing and periodically updating the state's economic development strategy and performance measures as well as annually evaluating the strategy; providing policy direction to DCTED; assisting DCTED with procurement and deployment of private funds for business development, recruitment and promotion; and providing planning, strategic and programmatic direction to the DCTED.

The Commission will receive staff support from the DCTED.

The Governor's Small Business Improvement Council is eliminated.

Substitute Bill Compared to Original Bill:

The substitute bill directs the Governor to consult organizations with an interest in economic development in making the appointments. Commission members must have representation from eastern Washington, central Washington, southwest Washington, the Peninsula, Central Puget Sound and Northern Puget Sound and reflect the state's various business sectors. At least seven members must be selected from private businesses within Washington State. The Governor must also consider ethnic and gender diversity when making appointments.

The substitute bill prohibits a member from serving more than one year without Senate confirmation. The Commission members will serve six-year terms, not four-year terms as in the original bill. The initial Commission members' terms are staggered: three are appointed for two-year terms, three are appointed for four-year terms and the remainder serve the full six years.

Unlike the original bill, the substitute bill provides that the members will serve without travel reimbursement.

Under the substitute bill, the Commission will provide policy and programmatic direction, not advice, to the DCTED.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: It is important to create a permanent Economic Development Commission. Washington needs continuity and stability in order to develop a comprehensive economic development plan. The Washington Roundtable Report recommended a permanent commission as did the Governor's Competitiveness Council. The current group, appointed by the Governor, has held several meetings. If a critical issue arises, a permanent Economic Development Commission can amass resources and stakeholders to address the issue. Chicago was able to do this when Boeing was deciding where to relocate.

Testimony Against: None.

Testified: Collins Sprague, AVISTA Corporation; Sheila Martin, Governors Policy

Officer; and Dawn Mason.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Trade & Economic Development be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Clements, Cody, Conway, Cox, DeBolt, Dunshee, Hunter, Kagi, Kenney, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Staff: Holly Lynde (786-7153).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Trade & Economic Development:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The Department of Community, Trade, and Economic Development (CTED) has been reorganized 4 times since 1994. Its economic development budget continues to be cut. It is time to create continuity in the long-term plan of investing and growing our economy. The Governor's Competitiveness Council (Council) recommended creating an Economic Development Commission (Commission) to review and update Washington's current economic development strategy. Other states, such as Oregon, have created strong economic development commissions that have attracted new businesses and retained current ones. Creating the Commission as permanent force in the developing of Washington's economy will make our state more competitive. The costs will be for staff support and meeting space; members will serve without compensation or travel reimbursement. The Council felt that it was important to create this Commission in statute for fear that, over time, an executive order might expire or people would lose interest. The Council wants economic development policies that are sustainable over time, a strategy that is revised and adapted to the needs of the state, and oversight over policies that are implemented. State and local entities promoting economic development at the local level need to coordinate by involving people locally in developing policy, and overseeing and providing direction on how policy is implemented.

The resources that CTED is able to commit to the Commission are not sufficient to

handle the scope either of the executive order or of the bill given how the Commission believes it needs to organize itself to carry out those tasks.

Testimony Against: None.

Testified: Representative Skinner, prime sponsor; Wendy Holden, Department of Community, Trade, and Economic Development; and Collins Sprague, Avista Corporation.