
ENGROSSED SUBSTITUTE HOUSE BILL 2784

State of Washington

58th Legislature

2004 Regular Session

By House Committee on Trade & Economic Development (originally sponsored by Representatives Pettigrew, Skinner, O'Brien, Conway, Hunt, Cooper, Cairnes, Eickmeyer, Jarrett, Sullivan, Kirby, G. Simpson, Ruderman, Hatfield, Moeller, Chase, Kenney, Morrell, Hudgins and Murray)

READ FIRST TIME 02/10/04.

1 AN ACT Relating to the small business incubator program; and adding
2 a new chapter to Title 43 RCW.

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

4 NEW SECTION. **Sec. 1.** It is hereby declared to be the policy of
5 the state of Washington to assist in the creation and expansion of
6 innovative small commercial enterprises that produce marketable goods
7 and services through the employment of residents, the use of
8 technology, and the application of best management practices. This
9 policy is to be implemented through the use of small business
10 incubators.

11 NEW SECTION. **Sec. 2.** The definitions in this section apply
12 throughout this chapter unless the context clearly requires otherwise.

13 (1) "Business incubator" means a physical location that offers:
14 (a) Space for start-up and expanding firms with viable products;
15 (b) The shared use of equipment and work areas;
16 (c) Daily management support services essential to high-quality
17 commercial operations; and

1 (d) Technical resources that enable entrepreneurs to transform
2 private activities into successful business.

3 (2) "Qualified small business incubator" means an incubator that
4 is:

5 (a)(i) Designated as a nonprofit organization under section
6 501(c)(3) of the internal revenue code, or (ii) consists of a
7 partnership between a designated nonprofit organization under section
8 501(c)(3) of the internal revenue code and a government or quasi-
9 government agency;

10 (b) Focused on developing small businesses in an economically
11 distressed or disadvantaged area;

12 (c) Structured around a sound business plan; and

13 (d) Compliant with the standards developed by the department of
14 community, trade, and economic development in consultation with the
15 Washington association of small business incubators.

16 NEW SECTION. **Sec. 3.** (1) The small business incubator program is
17 created and shall be administered by the department of community,
18 trade, and economic development.

19 (2) The department of community, trade, and economic development
20 shall award grants to qualified small business incubator organizations
21 with viable operational plans for the construction and equipment needs
22 of small business incubator facilities. In order to receive the grant
23 money, the qualified small business incubator organization must show
24 that it has the resources to complete the project in a timely manner
25 and the state grant is not the sole source of funds.

26 (3) The department of community, trade, and economic development
27 will provide operating assistance, up to a maximum of 125,000 dollars
28 per year, to qualified small business incubators for support services
29 and the operation of incubator facilities.

30 (4) The department of community, trade, and economic development
31 will provide assistance, up to a maximum of two hundred fifty thousand
32 dollars, to one eligible small business incubator organization for the
33 completion of a feasibility study and economic analysis for the
34 creation of a center for advanced manufacturing. In order to receive
35 the grant money, the eligible small business incubator organization
36 must show that it has the resources to complete the feasibility study

1 and the economic analysis in a timely manner and the state grant is not
2 the sole source of funds.

3 (5) For the purposes of subsection (4) of this section, an eligible
4 small business incubator must be:

5 (a)(i) Designated as a nonprofit organization under section
6 501(c)(3) of the internal revenue code, or (ii) a partnership between
7 a designated nonprofit organization under section 501(c)(3) of the
8 internal revenue code and a government or quasi-government agency;

9 (b) Focused on developing or supporting small, medium, and large
10 manufacturing businesses;

11 (c) Structured around a sound business plan; and

12 (d) Compliant with the standards developed by the department of
13 community, trade, and economic development and included in the
14 application.

15 NEW SECTION. **Sec. 4.** All state agencies must include small
16 business incubators in strategies for economic growth. This inclusion
17 may consist of practicable communications, partnership agreements, and
18 other relationships that promote the use of small business incubators
19 to stimulate economic activities.

20 NEW SECTION. **Sec. 5.** The small business incubator account is
21 created in the custody of the state treasurer. All money received for
22 the incubator program must be deposited in the account. Expenditures
23 from the account may be used only for the small business incubator
24 program. Only the director of the department of community, trade, and
25 economic development or the director's designee may authorize
26 expenditures from the account. The account is subject to the allotment
27 procedures under chapter 43.88 RCW, but an appropriation is not
28 required for expenditures.

29 NEW SECTION. **Sec. 6.** This act may be known as the Washington
30 small business incubator and entrepreneurship assistance act of 2004.

31 NEW SECTION. **Sec. 7.** The department of community, trade, and
32 economic development shall have no duty to provide services related to
33 the small business incubator and entrepreneurship assistance act of

1 2004 unless and until the small business incubator program and related
2 administrative expenses are funded by the legislature.

3 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act constitute
4 a new chapter in Title 43 RCW.

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