

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 1509**

Chapter 235, Laws of 2003

(partial veto)

58th Legislature  
2003 Regular Session

ECONOMIC DEVELOPMENT COMMISSION

EFFECTIVE DATE: 7/27/03

Passed by the House April 22, 2003  
Yeas 97 Nays 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 9, 2003  
Yeas 49 Nays 0

BRAD OWEN

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**President of the Senate**

Approved May 12, 2003, with the  
exception of section 5, which is vetoed.

GARY F. LOCKE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1509** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER

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**Chief Clerk**

FILED

May 12, 2003 - 4:13 p.m.

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 1509**

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AS AMENDED BY THE SENATE

Passed Legislature - 2003 Regular Session

**State of Washington                      58th Legislature                      2003 Regular Session**

**By** House Committee on Trade & Economic Development (originally sponsored by Representatives Skinner, Voloria, Sehlin, Pettigrew, McDonald, Schual-Berke, McCoy, McDermott, Linville, Upthegrove and Conway)

READ FIRST TIME 02/28/03.

1            AN ACT Relating to establishing the Washington state economic  
2 development commission to replace the governor's small business  
3 improvement council; amending RCW 43.330.040; and adding a new chapter  
4 to Title 43 RCW.

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

6            NEW SECTION.    **Sec. 1.** The legislature finds that Washington's  
7 innovation and trade-driven economy has provided tremendous  
8 opportunities for citizens of the state, but that there is no guarantee  
9 that globally competitive firms will continue to grow and locate in the  
10 state. The legislature also finds that developing an effective  
11 economic development strategy for the state and operating effective  
12 economic development programs, including work force training, small  
13 business assistance, technology transfer, and export assistance, are  
14 vital to the state's efforts to encourage employment growth, increase  
15 state revenues, and generate economic well-being. In addition, the  
16 legislature finds that there is a need for responsive and consistent  
17 involvement of the private sector in the state's economic development  
18 efforts. It is the intent of the legislature to create an economic  
19 development commission that will develop and update the state's

1 economic development strategy and performance measures and provide  
2 advice to and oversight of the department of community, trade, and  
3 economic development.

4 NEW SECTION. **Sec. 2.** (1) The Washington state economic  
5 development commission is established to oversee the economic  
6 development strategies and policies of the department of community,  
7 trade, and economic development.

8 (2)(a) The Washington state economic development commission shall  
9 consist of at least seven and no more than nine members appointed by  
10 the governor.

11 (b) In making the appointments, the governor shall consult with  
12 organizations that have an interest in economic development, including,  
13 but not limited to, industry associations, labor organizations,  
14 minority business associations, economic development councils, chambers  
15 of commerce, port associations, tribes, and the chairs of the  
16 legislative committees with jurisdiction over economic development.

17 (c) The members shall be representative of the geographic regions  
18 of the state, including eastern and central Washington, as well as  
19 represent the ethnic diversity of the state. Representation shall  
20 derive primarily from the private sector, including, but not limited  
21 to, existing and emerging industries, small businesses, women-owned  
22 businesses, and minority-owned businesses, but other sectors of the  
23 economy that have experience in economic development, including labor  
24 organizations and nonprofit organizations, shall be represented as  
25 well. A minimum of seventy-five percent of the members shall represent  
26 the private sector. Members of the commission shall serve statewide  
27 interests while preserving their diverse perspectives, and shall be  
28 recognized leaders in their fields with demonstrated experience in  
29 disciplines related to economic development.

30 (3) Members appointed by the governor shall serve at the pleasure  
31 of the governor for three-year terms, except that through June 30,  
32 2004, members currently serving on the economic development commission  
33 created by executive order may continue to serve at the pleasure of the  
34 governor. Of the initial members appointed to serve after June 30,  
35 2004, two members shall serve one-year terms, three members shall serve  
36 two-year terms, and the remainder of the commission members shall serve  
37 three-year terms.

1 (4) The commission chair shall be selected from among the appointed  
2 members by the majority vote of the members.

3 (5) The commission may establish committees as it desires, and may  
4 invite nonmembers of the commission to serve as committee members.

5 (6) The commission may adopt rules for its own governance.

6 NEW SECTION. **Sec. 3.** The Washington state economic development  
7 commission shall perform the following duties:

8 (1) Review and periodically update the state's economic development  
9 strategy, including implementation steps, and performance measures, and  
10 perform an annual evaluation of the strategy and the effectiveness of  
11 the state's laws, policies, and programs which target economic  
12 development;

13 (2) Provide policy, strategic, and programmatic direction to the  
14 department of community, trade, and economic development regarding  
15 strategies to:

16 (a) Promote business retention, expansion, and creation within the  
17 state;

18 (b) Promote the business climate of the state and stimulate  
19 increased national and international investment in the state;

20 (c) Promote products and services of the state;

21 (d) Enhance relationships and cooperation between local  
22 governments, economic development councils, federal agencies, state  
23 agencies, and the legislature;

24 (e) Integrate economic development programs, including work force  
25 training, technology transfer, and export assistance; and

26 (f) Make the funds available for economic development purposes more  
27 flexible to meet emergent needs and maximize opportunities;

28 (3) Identify policies and programs to assist Washington's small  
29 businesses;

30 (4) Assist the department of community, trade, and economic  
31 development with procurement and deployment of private funds for  
32 business development, retention, expansion, and recruitment as well as  
33 other economic development efforts;

34 (5) Meet with the chairs and ranking minority members of the  
35 legislative committees from both the house of representatives and the  
36 senate overseeing economic development policies; and

1 (6) Make a biennial report to the appropriate committees of the  
2 legislature regarding the commission's review of the state's economic  
3 development policy, the commission's recommendations, and steps taken  
4 by the department of community, trade, and economic development to  
5 implement the recommendations. The first report is due by December 31,  
6 2004.

7 NEW SECTION. **Sec. 4.** (1) The Washington state economic  
8 development commission shall receive the necessary staff support from  
9 the staff resources of the governor, the department of community,  
10 trade, and economic development, and other state agencies as  
11 appropriate, and within existing resources and operations.

12 (2) Creation of the Washington state economic development  
13 commission shall not be construed to modify any authority or budgetary  
14 responsibility of the governor or the department of community, trade,  
15 and economic development.

16 **\*Sec. 5. RCW 43.330.040 and 1993 c 280 s 6 are each amended to read**  
17 **as follows:**

18 (1) *The director shall supervise and administer the activities of*  
19 *the department and shall advise the governor and the legislature with*  
20 *respect to community and economic development matters affecting the*  
21 *state.*

22 (2) *In addition to other powers and duties granted to the director,*  
23 *the director shall have the following powers and duties:*

24 (a) Work with the Washington state economic development commission  
25 established in section 2 of this act to develop and implement economic  
26 development policies consistent with the advice of the commission;

27 (b) Enter into contracts on behalf of the state to carry out the  
28 purposes of this chapter;

29 ((b)) (c) Act for the state in the initiation of or participation  
30 in any multigovernmental program relative to the purpose of this  
31 chapter;

32 ((c)) (d) Accept and expend gifts and grants, whether such grants  
33 be of federal or other funds;

34 ((d)) (e) Appoint such deputy directors, assistant directors, and  
35 up to seven special assistants as may be needed to administer the

1 department. These employees are exempt from the provisions of chapter  
2 41.06 RCW;

3 ~~((e))~~ (f) Prepare and submit budgets for the department for  
4 executive and legislative action;

5 ~~((f))~~ (g) Submit recommendations for legislative actions as are  
6 deemed necessary to further the purposes of this chapter;

7 ~~((g))~~ (h) Adopt rules in accordance with chapter 34.05 RCW and  
8 perform all other functions necessary and proper to carry out the  
9 purposes of this chapter;

10 ~~((h))~~ (i) Delegate powers, duties, and functions as the director  
11 deems necessary for efficient administration, but the director shall be  
12 responsible for the official acts of the officers and employees of the  
13 department; and

14 ~~((i))~~ (j) Perform other duties as are necessary and consistent  
15 with law.

16 (3) When federal or other funds are received by the department,  
17 they shall be promptly transferred to the state treasurer and  
18 thereafter expended only upon the approval of the director.

19 (4) The director may request information and assistance from all  
20 other agencies, departments, and officials of the state, and may  
21 reimburse such agencies, departments, or officials if such a request  
22 imposes any additional expenses upon any such agency, department, or  
23 official.

24 (5) The director shall, in carrying out the responsibilities of  
25 office, consult with governmental officials, private groups, and  
26 individuals and with officials of other states. All state agencies and  
27 their officials and the officials of any political subdivision of the  
28 state shall cooperate with and give such assistance to the department,  
29 including the submission of requested information, to allow the  
30 department to carry out its purposes under this chapter.

31 (6) The director may establish additional advisory or coordinating  
32 groups with the legislature, within state government, with state and  
33 other governmental units, with the private sector and nonprofit  
34 entities or in specialized subject areas as may be necessary to carry  
35 out the purposes of this chapter.

36 (7) The internal affairs of the department shall be under the  
37 control of the director in order that the director may manage the  
38 department in a flexible and intelligent manner as dictated by changing

1 *contemporary circumstances. Unless specifically limited by law, the*  
2 *director shall have complete charge and supervisory powers over the*  
3 *department. The director may create such administrative structures as*  
4 *the director deems appropriate, except as otherwise specified by law,*  
5 *and the director may employ such personnel as may be necessary in*  
6 *accordance with chapter 41.06 RCW, except as otherwise provided by law.*  
*\*Sec. 5 was vetoed. See message at end of chapter.*

7 NEW SECTION. **Sec. 6.** Sections 1 through 4 of this act constitute  
8 a new chapter in Title 43 RCW.

Passed by the House April 22, 2003.

Passed by the Senate April 9, 2003.

Approved by the Governor May 12, 2003, with the exception of  
certain items that were vetoed.

Filed in Office of Secretary of State May 12, 2003.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 5,  
Engrossed Substitute House Bill No. 1509 entitled:

"AN ACT Relating to establishing the Washington state economic  
development commission to replace the governor's small business  
improvement council;"

This bill establishes in statute the Washington Economic Development  
Commission. I established this commission by executive order  
September 25, 2002, and fully support the ongoing work of the  
Commission. I also support making the Commission more permanent by  
codifying its creation and responsibilities in statute.

Section 5 of the bill requires the director of the Department of  
Community, Trade, and Economic Development to work with the  
Commission to develop and implement economic development policies  
consistent with the advice of the Commission. This section reduces  
the authority of the governor over an executive cabinet agency.  
While I clearly welcome the advice and counsel of the Commission,  
policy authority over executive agencies must ultimately rest with  
the governor.

For this reason, I have vetoed section 5 of Engrossed Substitute  
House Bill No. 1509.

With the exception of section 5, Engrossed Substitute House Bill No.  
1509 is approved"