

CERTIFICATION OF ENROLLMENT

SECOND SUBSTITUTE HOUSE BILL 2498

Chapter 105, Laws of 2006

59th Legislature
2006 Regular Session

CLUSTER-BASED ECONOMIC DEVELOPMENT

EFFECTIVE DATE: 6/7/06

Passed by the House March 4, 2006
Yeas 95 Nays 2

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 1, 2006
Yeas 41 Nays 6

BRAD OWEN

President of the Senate

Approved March 17, 2006.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 2498** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

March 17, 2006 - 11:19 a.m.

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 2498

AS AMENDED BY THE SENATE

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Kilmer, Buri, Morrell, Skinner, Green, Linville, McCoy, Moeller, Chase, Rodne, Conway, Haler, Morris, Ericks and Sells)

READ FIRST TIME 02/08/06.

1 AN ACT Relating to cluster-based economic development; and amending
2 RCW 43.330.090.

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

4 **Sec. 1.** RCW 43.330.090 and 2005 c 136 s 14 are each amended to
5 read as follows:

6 (1) The department shall work with private sector organizations,
7 industry and cluster associations, federal agencies, state agencies
8 that use a cluster-based approach to service delivery, local
9 governments, local associate development organizations, and higher
10 education and training institutions (~~to assist~~) in the development of
11 industry cluster-based strategies to diversify the economy, facilitate
12 technology transfer and diffusion, and increase value-added production
13 (~~by focusing on targeted sectors~~). The industry clusters targeted
14 (~~sectors~~) by the department may include, but are not limited to,
15 (~~software, forest products, biotechnology, environmental industries,~~
16 ~~recycling markets and waste reduction, aerospace, food processing,~~
17 ~~tourism, film and video, microelectronics, new materials, robotics, and~~
18 ~~machine tools~~) aerospace, agriculture, food processing, forest
19 products, marine services, health and biomedical, software, digital and

1 interactive media, transportation and distribution, and
2 microelectronics. The department shall, on a continuing basis,
3 evaluate the potential return to the state from devoting additional
4 resources to ~~((a targeted sector's))~~ an industry cluster-based approach
5 to economic development and ~~((including))~~ identifying and assisting
6 additional ~~((sectors in its efforts))~~ clusters. The department shall
7 use information gathered in each service delivery region in formulating
8 its ~~((sectoral))~~ industry cluster-based strategies and ~~((in designating~~
9 ~~new targeted sectors))~~ shall assist local communities in identifying
10 regional industry clusters and developing industry cluster-based
11 strategies.

12 (2) The department shall pursue a coordinated program to expand the
13 tourism industry throughout the state in cooperation with the public
14 and private tourism development organizations. The department, in
15 operating its tourism program, shall:

16 (a) Promote Washington as a tourism destination to national and
17 international markets to include nature-based and wildlife viewing
18 tourism;

19 (b) Provide information to businesses and local communities on
20 tourism opportunities that could expand local revenues;

21 (c) Assist local communities to strengthen their tourism
22 partnerships, including their relationships with state and local
23 agencies;

24 (d) Provide leadership training and assistance to local communities
25 to facilitate the development and implementation of local tourism
26 plans;

27 (e) Coordinate the development of a statewide tourism and marketing
28 plan. The department's tourism planning efforts shall be carried out
29 in conjunction with public and private tourism development
30 organizations including the department of fish and wildlife and other
31 appropriate agencies. The plan shall specifically address mechanisms
32 for: (i) Funding national and international marketing and nature-based
33 tourism efforts; (ii) interagency cooperation; and (iii) integrating
34 the state plan with local tourism plans.

35 (3) The department may, in carrying out its efforts to expand the
36 tourism industry in the state:

37 (a) Solicit and receive gifts, grants, funds, fees, and endowments,
38 in trust or otherwise, from tribal, local or other governmental

1 entities, as well as private sources, and may expend the same or any
2 income therefrom for tourism purposes. All revenue received for
3 tourism purposes shall be deposited into the tourism development and
4 promotion account created in RCW 43.330.094;

5 (b) Host conferences and strategic planning workshops relating to
6 the promotion of nature-based and wildlife viewing tourism;

7 (c) Conduct or contract for tourism-related studies;

8 (d) Contract with individuals, businesses, or public entities to
9 carry out its tourism-related activities under this section;

10 (e) Provide tourism-related organizations with marketing and other
11 technical assistance;

12 (f) Evaluate and make recommendations on proposed tourism-related
13 policies.

14 (4)(a) The department shall promote, market, and encourage growth
15 in the production of films and videos, as well as television
16 commercials within the state; to this end the department is directed to
17 assist in the location of a film and video production studio within the
18 state.

19 (b) The department may, in carrying out its efforts to encourage
20 film and video production in the state, solicit and receive gifts,
21 grants, funds, fees, and endowments, in trust or otherwise, from
22 tribal, local, or other governmental entities, as well as private
23 sources, and may expend the same or any income therefrom for the
24 encouragement of film and video production. All revenue received for
25 such purposes shall be deposited into the film and video promotion
26 account created in RCW 43.330.092.

27 (5) In assisting in the development of ~~((a targeted sector))~~
28 regional and statewide industry cluster-based strategies, the
29 department's activities ~~((may))~~ shall include, but are not limited to:

30 (a) ~~((Conducting))~~ Facilitating regional focus group discussions ~~((~~
31 ~~facilitating meetings,~~~~))~~ and conducting studies to identify ~~((members~~
32 ~~of the sector))~~ industry clusters, appraise the current ~~((state of the~~
33 ~~sector))~~ information linkages within a cluster, and identify issues of
34 common concern within ~~((the sector))~~ a cluster;

35 (b) Supporting ~~((the formation of))~~ industry and cluster
36 associations, publications of association and cluster directories, and
37 related efforts to create or expand the activities ~~((or))~~ of industry
38 and cluster associations;

1 (c) (~~Assisting in the formation of flexible networks by providing~~
2 ~~(i) agency employees or private sector consultants trained to act as~~
3 ~~flexible network brokers and (ii) funding for potential flexible~~
4 ~~network participants for the purpose of organizing or implementing a~~
5 ~~flexible network;~~

6 ~~(d) Helping establish research consortia;~~

7 ~~(e) Facilitating joint training and education programs;~~

8 ~~(f) Promoting cooperative market development activities;~~

9 ~~(g) Analyzing the need, feasibility, and cost of establishing~~
10 ~~product certification and testing facilities and services; and~~

11 ~~(h) Providing for methods of electronic communication and~~
12 ~~information dissemination among firms and groups of firms to facilitate~~
13 ~~network activity)) Administering a competitive grant program to fund
14 activities designed to further regional cluster growth. In
15 administering the program, the department shall work with an industry
16 cluster advisory committee with equal representation from the work
17 force training and education coordinating board, the state board for
18 community and technical colleges, the employment security department,
19 business, and labor.~~

20 (i) The industry cluster advisory committee shall recommend
21 criteria for evaluating applications for grant funds and recommend
22 applicants for receipt of grant funds.

23 (ii) Applicants must include organizations from at least two
24 counties and participants from the local business community. Eligible
25 organizations include, but are not limited to, local governments,
26 economic development councils, chambers of commerce, federally
27 recognized Indian tribes, work force development councils, and
28 educational institutions.

29 (iii) Applications must evidence financial participation of the
30 partner organizations.

31 (iv) Priority shall be given to applicants which will use the grant
32 funds to build linkages and joint projects, to develop common resources
33 and common training, and to develop common research and development
34 projects or facilities.

35 (v) The maximum amount of a grant is one hundred thousand dollars.

36 (vi) A maximum of one hundred thousand dollars total can go to
37 King, Pierce, Kitsap, and Snohomish counties combined.

1 (vii) No more than ten percent of funds received for the grant
2 program may be used by the department for administrative costs.

3 (6) As used in subsection (5) of this section, "industry cluster"
4 means a geographic concentration of interdependent competitive firms
5 that do business with each other. "Industry cluster" also includes
6 firms that sell inside and outside of the geographic region as well as
7 support firms that supply raw materials, components, and business
8 services.

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