

SENATE BILL REPORT

2SHB 1178

As Reported By Senate Committee On:
Economic Development, Trade & Management, March 23, 2007

Title: An act relating to contracts with associate development organizations for economic development services.

Brief Description: Revising provisions for contracts with associate development organizations for economic development services.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Rolfes, Linville, Simpson, Wallace, Kenney, Ericks and Green; by request of Governor Gregoire).

Brief History: Passed House: 3/08/07, 96-0.

Committee Activity: Economic Development, Trade & Management: 3/16/07, 3/23/07 [DPA-WM].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

Staff: Jack Brummel (786-7428)

Background: When the Department of Community, Trade and Economic Development was created in 1993, it was directed to contract with associate development organizations (ADO) or other local organizations to coordinate local economic development services. During the past biennium, the department spent \$2,965,000 on contracts with ADOs.

Summary of Second Substitute Bill: ADO contracts will require the delivery of direct assistance to companies needing support to survive, expand, or relocate. The contracts will also require support for regional economic research and regional planning efforts to implement economic development strategies.

ADOs are required to provide the department with measures of their performance. Contracts may be terminated for failure to achieve performance goals.

ADOs in urban counties will receive one dollar per capita, up to \$400,000. ADOs in rural counties will receive \$30,000 plus \$.70 per capita. The per capita funds must be matched dollar for dollar.

The bill is null and void unless funded in the budget.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

EFFECT OF CHANGES MADE BY RECOMMENDED AMENDMENT(S) AS PASSED COMMITTEE (Economic Development, Trade & Management): ADO contracts require the development of a countywide economic development plan consistent with the State Economic Development Commission's state comprehensive plan for economic development. Also required is assisting businesses in site selection; collecting demographic, labor market, and other data; identifying and filling gaps in business start-up assistance; providing business retention and expansion services; and additional regional efforts. ADOs that apply for the Washington State Quality Award are to receive \$10,000.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: ADOs are the state's local partners for economic development and have been around since 1985. With the funds in the bill we can increase the business retention, expansion and recruitment we do. We would like to use the funds for research too. We support the effort to drive more state partnership funding to the local level.

Persons Testifying: PRO: Representative Rolfes, prime sponsor; Marc Baldwin, Governor's Policy Office; James McMahan, Washington Economic Development Association; Robin Toth, Spokane Economic Development Council; Bruce Kendall, Tacoma Pierce County Economic Development Board.