

# SENATE BILL REPORT

## 2SSB 5092

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As Amended by House, April 9, 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:** Senate Committee on Ways & Means (originally sponsored by Senators Marr, Brown, Kilmer, Kauffman, Murray, Shin and Rasmussen; by request of Governor Gregoire).

**Brief History:**

**Committee Activity:** Economic Development, Trade & Management: 1/24/07, 2/21/07 [DPS-WM].

Ways & Means: 2/28/07, 3/05/07 [DP2S].

Passed Senate: 3/07/07, 49-0.

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

**Majority Report:** That Substitute Senate Bill No. 5092 be substituted therefor, and the substitute bill do pass 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)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5092 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Richard Ramsey (786-7412)

**Background:** When the Department of Community, Trade and Economic Development was created in 1993, it was directed to contract with associate development organizations (ADO)

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*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.*

or other local organizations to coordinate local economic development services. During the past biennium the department spent \$2,965,000 on contracts with ADOs. The department was also directed to consult with ADOs, ports, and local governments in the establishment of service delivery regions in the state and to contract for economic surveys of key sectors and the coordination of technical assistance.

**Summary of Second Substitute Bill:** The department's obligations to establish service delivery regions and contract for surveys and coordination of technical assistance are eliminated. 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.

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 an inventory of development sites; demographic, labor market, and other data; identifying and filling gaps in business start-up assistance; an additional regional efforts. ADOs that apply for the Washington State Quality Award are to receive \$10,000.

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 \$.90 per capita, up to \$300,000. ADOs in rural counties will receive \$40,000 plus \$.90 per capita. The per capita funds must be matched dollar for dollar and are subject to specific appropriations.

**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 on Original Bill (Economic Development, Trade & Management):** PRO: This bill recognizes the importance of local work. We need the ADO networks because they are the state's field operation and they can take advantage of state recruitment leads. The ADO network does incredible things with the money they get now. New funding will enable ADOs to do more and better what they are already doing. This bill puts us back into the big leagues. Increased money will be critical for promotion of opportunities in communities. This will help re-establish a healthy partnership between the state and local areas.

**Persons Testifying (Economic Development, Trade & Management):** PRO: Senator Marr, prime sponsor; Marc Baldwin, Governor's Policy Office; James McMahan, Washington Economic Development Association; Bruce Kendall, Tacoma Pierce County Economic Development Board; David Porter, Porter Consulting Group; Matt Matayoshi, Economic Development Council of Mason County; Joe Torterelli, Economic Development Northwest; Ellie Chambers, City of Puyallup; Jeff Arrell, Enterprise Seattle; Bill Lotto, Lewis County

Economic Development Council; Deborah Knutson, Snohomish County Economic Development Council; David Kleitsch, City of Lynwood.

**Staff Summary of Public Testimony on Substitute Bill (Ways & Means):** PRO: This bill corrects a long overdue commitment to economic development councils. The ADOs have created 18,000 jobs and generated \$2.2 billion in economic benefit. The bill recognizes diversity in local economies, creates a more efficient process for funding the ADOs, is inclusive of the whole state, and actually measures performance. The formulas in the bill are accurate.

**Persons Testifying (Ways & Means):** PRO: Senator Marr, prime sponsor; Senator Kastama; Marc Baldwin, Governor's Office; Bruce Kendall, Washington Economic Development Association.

**House Amendment(s):** Up to five ADOs that apply for the Washington Quality Award are to be reimbursed for the award application fee; the ten thousand dollar award for applying is eliminated.

Some of the specific requirements of ADOs are replaced with a more general framework of requirements.