

SENATE BILL REPORT

SB 6774

As Reported By Senate Committee On:
Economic Development, Trade & Management, January 30, 2008
Ways & Means, February 12, 2008

Title: An act relating to industry clusters.

Brief Description: Promoting regional industry cluster growth.

Sponsors: Senators Kastama, Shin and Rockefeller.

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/25/08, 1/30/08 [DPS-WM].

Ways & Means: 2/11/08, 2/12/08 [DPS(EDTM)].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: That Substitute Senate Bill No. 6774 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; Kauffman, King and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6774 as recommended by Committee on Economic Development, Trade & Management be substituted therefor, and the 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, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller and Schoesler.

Staff: Richard Ramsey (786-7412)

Background: Clusters are groups of complementary, competing, and interdependent industries that drive wealth creation in a region, primarily through export of goods and services. An industry cluster represents the entire value chain of a broadly-defined industry from suppliers to end products, including supporting services and specialized infrastructure.

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.

Clusters are characterized by geographic concentration of the related industries within a region. Organizing economic development programs and data around clusters highlights opportunities for coordination and mutual improvement in areas of common concern without threatening or distorting competition.

In 2006 the Legislature created a competitive grant program in the Department of Community, Trade and Economic Development (CTED) to further regional cluster growth. Five grantees received a total of two-hundred-forty-six-thousand dollars; grant requests totaled over nine-hundred-thousand dollars. Funds were not budgeted for grants in the current biennial budget.

In 2007 the Legislature passed an innovation partnership program which requires the participation of industry or cluster associations in innovation partnership zones and the development of a plan that ties the needs of strategic clusters in the state to research efforts at publicly funded research institutions. Recent research indicates that most successful clusters are anchored to research institutions, contain research centers, have private or public agency support, and encourage collaboration and competition at both global and local levels.

Summary of Bill (Recommended Substitute): Applicants for industry cluster grants may include a nonprofit association of an industry or an industry cluster. Grant funds are to be used to build mechanisms for information sharing among cluster members. The maximum grant is \$150,000. Grants to King, Pierce, Kitsap, and Snohomish Counties combined may not exceed \$300,000.

Five percent of the grant program funds are to be used by CTED to identify additional resources to assist clusters and identify mechanisms to coordinate public resources to support the growth and competitiveness of industry clusters.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT COMMITTEE (Recommended Substitute): The substitute restores eligibility of a broad range of applicants. The substitute uses definitions of clusters and sectors adopted by a multi-agency workgroup.

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: These grants are a smart investment for the state; a great economic development strategy. Some emerging clusters don't have the expertise to write grant requests so we would like greater inclusiveness in applicant eligibility. The bill fits with the life sciences strategy. There are some technical matters with the definition that need to be addressed.

Persons Testifying (Economic Development, Trade & Management): PRO: Dr. Steven VanAusdle, Walla Walla Community College; Vicki Austin, Washington Biotechnology & Biomedical Association; Bryan Wilson, State Workforce Board.

Staff Summary of Public Testimony on Recommended Substitute (Ways & Means):

PRO: This is a strong, sustainable effort. The Northwest Food Processors will qualify; it received a similar grant in Oregon.

Persons Testifying (Ways & Means): PRO: Arlen Harris, Northwest Food Processors.