

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 5092

Chapter 249, Laws of 2007

60th Legislature
2007 Regular Session

ECONOMIC DEVELOPMENT SERVICES

EFFECTIVE DATE: 07/22/07

Passed by the Senate April 16, 2007
YEAS 44 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House April 9, 2007
YEAS 97 NAYS 1

FRANK CHOPP

Speaker of the House of Representatives

Approved May 1, 2007, 3:49 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5092** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

May 2, 2007

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 5092

AS AMENDED BY THE HOUSE

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Marr, Brown, Kilmer, Kauffman, Murray, Shin and Rasmussen; by request of Governor Gregoire)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to contracts with associate development
2 organizations for economic development services; amending RCW
3 43.330.080; adding new sections to chapter 43.330 RCW; and creating new
4 sections.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that economic
7 development success requires coordinated state and local efforts. The
8 legislature further finds that economic development happens at the
9 local level. County-designated associate development organizations
10 serve as a networking tool and resource hub for business retention,
11 expansion, and relocation in Washington. Economic development success
12 requires an adequately funded and coordinated state effort and an
13 adequately funded and coordinated local effort. The legislature
14 intends to bolster the partnership between state and local economic
15 development efforts, provide increased funding for local economic
16 development services, and increase local economic development service
17 effectiveness, efficiency, and outcomes.

1 **Sec. 2.** RCW 43.330.080 and 1997 c 60 s 1 are each amended to read
2 as follows:

3 ~~((1))~~ The department shall contract with county-designated
4 associate development organizations ~~((or other local organizations))~~ to
5 increase the support for and coordination of community and economic
6 development services in communities or regional areas. The
7 organizations contracted with in each community or regional area shall
8 be broadly representative of community and economic interests. The
9 organization shall be capable of identifying key economic and community
10 development problems, developing appropriate solutions, and mobilizing
11 broad support for recommended initiatives. The contracting
12 organization shall work with and include local governments, local
13 chambers of commerce, ~~((private industry councils,))~~ workforce
14 development councils, port districts, labor groups, institutions of
15 higher education, community action programs, and other appropriate
16 private, public, or nonprofit community and economic development
17 groups. The ~~((department shall be responsible for determining the))~~
18 scope of services delivered under these contracts ~~((-~~

19 ~~(2) Associate development organizations or other local development~~
20 ~~organizations contracted with shall promote and coordinate, through~~
21 ~~local service agreements with local governments, small business~~
22 ~~development centers, port districts, community and technical colleges,~~
23 ~~private industry councils, and other development organizations, for the~~
24 ~~efficient delivery of community and economic development services in~~
25 ~~their areas.~~

26 ~~(3) The department shall consult with associate development~~
27 ~~organizations, port districts, local governments, and other local~~
28 ~~development organizations in the establishment of service delivery~~
29 ~~regions throughout the state. The legislature encourages local~~
30 ~~associate development organizations to form partnerships with other~~
31 ~~associate development organizations in their region to combine~~
32 ~~resources for better access to available services, to encourage~~
33 ~~regional delivery of state services, and to build the local capacity of~~
34 ~~communities in the region more effectively.~~

35 ~~(4) The department shall contract on a regional basis for surveys~~
36 ~~of key sectors of the regional economy and the coordination of~~
37 ~~technical assistance to businesses and employees within the key~~
38 ~~sectors. The department's selection of contracting organizations or~~

1 ~~consortiums shall be based on the sufficiency of the organization's or~~
2 ~~consortium's proposal to examine key sectors of the local economy~~
3 ~~within its region adequately and its ability to coordinate the delivery~~
4 ~~of services required by businesses within the targeted sectors.~~
5 ~~Organizations contracting with the department shall work closely with~~
6 ~~the department to examine the local economy and to develop strategies~~
7 ~~to focus on developing key sectors that show potential for long term~~
8 ~~sustainable growth. The contracting organization shall survey~~
9 ~~businesses and employees in targeted sectors on a periodic basis to~~
10 ~~gather information on the sector's business needs, expansion plans,~~
11 ~~relocation decisions, training needs, potential layoffs, financing~~
12 ~~needs, availability of financing, and other appropriate information~~
13 ~~about economic trends and specific employer and employee needs in the~~
14 ~~region.~~

15 ~~(5) shall include two broad areas of work:~~

16 ~~(1) Direct assistance, including business planning, to companies~~
17 ~~who need support to stay in business, expand, or relocate to Washington~~
18 ~~from out of state or other countries. Assistance includes:~~

19 ~~(a) Working with the appropriate partners, including but not~~
20 ~~limited to, local governments, workforce development organizations,~~
21 ~~port districts, community colleges and higher education institutions,~~
22 ~~export assistance providers, the Washington manufacturing services, the~~
23 ~~Washington state quality award, council, small business assistance~~
24 ~~programs, and other federal, state, and local programs to facilitate~~
25 ~~the alignment of planning efforts and the seamless delivery of business~~
26 ~~support services in the county;~~

27 ~~(b) Providing information on state and local permitting processes,~~
28 ~~tax issues, and other essential information for operating, expanding,~~
29 ~~or locating a business in Washington;~~

30 ~~(c) Marketing Washington and local areas as excellent locations to~~
31 ~~expand or relocate a business and positioning Washington as a globally~~
32 ~~competitive place to grow business, which may include developing and~~
33 ~~executing regional plans to attract companies from out of state;~~

34 ~~(d) Working with businesses on site location and selection~~
35 ~~assistance;~~

36 ~~(e) Providing business retention and expansion services, including~~
37 ~~business outreach and monitoring efforts to identify and address~~
38 ~~challenges and opportunities faced by businesses; and~~

1 (f) Participate in economic development system-wide discussions
2 regarding gaps in business start-up assistance in Washington; and

3 (2) Support for regional economic research and regional planning
4 efforts to implement target industry strategies and other economic
5 development strategies that support increased living standards and
6 increase foreign direct investment throughout Washington. Activities
7 include:

8 (a) Participation in regional planning efforts involving combined
9 strategies around workforce development and economic development
10 policies and programs. The contracting organization shall participate
11 with the ((workforce training and education coordinating board as
12 created in chapter 28C.18 RCW, and any regional entities designated by
13 that board,)) state board for community and technical colleges as
14 created in RCW 28B.50.050, and any community and technical colleges in
15 providing for the coordination of job skills training within its
16 region;

17 (b) Collecting and reporting data as specified by the contract with
18 the department for statewide systemic analysis. The department shall
19 consult with the Washington state economic development commission in
20 the establishment of such uniform data as is needed to conduct a
21 statewide systemic analysis of the state's economic development
22 programs and expenditures. In cooperation with other local, regional,
23 and state planning efforts, contracting organizations may provide
24 insight into the needs of target industry clusters, business expansion
25 plans, early detection of potential relocations or layoffs, training
26 needs, and other appropriate economic information;

27 (c) In conjunction with other governmental jurisdictions and
28 institutions, participate in the development of a countywide economic
29 development plan, consistent with the state comprehensive plan for
30 economic development developed by the Washington state economic
31 development commission.

32 NEW SECTION. Sec. 3. (1) Contracting associate development
33 organizations shall provide the department with measures of their
34 performance. Annual reports shall include information on the impact of
35 the contracting organization on employment, wages, tax revenue, and
36 capital investment. Specific measures shall be developed in the

1 contracting process between the department and the contracting
2 organization every two years. Performance measures should be
3 consistent across regions to allow for statewide evaluation.

4 (2)(a) The department and contracting organizations shall agree
5 upon specific target levels for the performance measures in subsection
6 (1) of this section. Comparison of agreed thresholds and actual
7 performance shall occur annually.

8 (b) Contracting organizations that fail to achieve the agreed
9 performance targets in more than one-half of the agreed measures shall
10 develop remediation plans to address performance gaps. The remediation
11 plans shall include revised performance thresholds specifically chosen
12 to provide evidence of progress in making the identified service
13 changes.

14 (c) Contracts and state funding shall be terminated for one year
15 for organizations that fail to achieve the agreed upon progress toward
16 improved performance defined under (b) of this subsection. During the
17 year in which termination for nonperformance is in effect,
18 organizations shall review alternative delivery strategies to include
19 reorganization of the contracting organization, merging of previous
20 efforts with existing regional partners, and other specific steps
21 toward improved performance. At the end of the period of termination,
22 the department may contract with the associate development organization
23 or its successor as it deems appropriate.

24 (3) The department shall report to the legislature and the
25 Washington economic development commission by December 31st of each
26 year on the performance results of the contracts with associate
27 development organizations.

28 NEW SECTION. **Sec. 4.** Up to five associate development
29 organizations per year contracting with the department under this act
30 that apply for the Washington state quality award or its equivalent
31 shall receive reimbursement for the award application fee, but may not
32 be reimbursed more than once every three years.

33 NEW SECTION. **Sec. 5.** To the extent that funds are specifically
34 appropriated therefor, contracts with associate development
35 organizations for the provision of services under RCW 43.330.080(1)
36 shall be awarded according to the following annual schedule:

1 (1) For associate development associations serving urban counties,
2 which are counties other than rural counties as defined in RCW
3 43.160.020, a locally matched allocation of up to ninety cents per
4 capita, totaling no more than three hundred thousand dollars per
5 organization; and

6 (2) For associate development associations in rural counties, as
7 defined in RCW 43.160.020, a per county base allocation of up to forty
8 thousand dollars and a locally matched allocation of up to ninety cents
9 per capita.

10 NEW SECTION. **Sec. 6.** Sections 3 through 5 of this act are each
11 added to chapter 43.330 RCW.

12 NEW SECTION. **Sec. 7.** If specific funding for the purposes of this
13 act, referencing this act by bill or chapter number, is not provided by
14 June 30, 2007, in the omnibus appropriations act, this act is null and
15 void.

Passed by the Senate April 16, 2007.

Passed by the House April 9, 2007.

Approved by the Governor May 1, 2007.

Filed in Office of Secretary of State May 2, 2007.