

CERTIFICATION OF ENROLLMENT  
**SECOND SUBSTITUTE SENATE BILL 5995**

Chapter 232, Laws of 2007

60th Legislature  
2007 Regular Session

ECONOMIC DEVELOPMENT COMMISSION

EFFECTIVE DATE: 07/22/07

Passed by the Senate April 16, 2007  
YEAS 48 NAYS 0

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House April 12, 2007  
YEAS 95 NAYS 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Approved April 30, 2007, 2:02 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 5995** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

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**Secretary**

FILED

April 30, 2007

**Secretary of State  
State of Washington**

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SECOND SUBSTITUTE SENATE BILL 5995

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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 Kastama, Zarelli, Kilmer, Clements, Kauffman, Shin, Pridemore, Regala, Fairley, Brown, Jacobsen and Rasmussen)

READ FIRST TIME 03/05/07.

1            AN ACT Relating to the economic development commission; amending  
2 RCW 43.162.005, 43.162.010, 43.162.020, 43.162.030, 82.33A.010, and  
3 82.33A.020; adding a new section to chapter 43.162 RCW; and creating  
4 new sections.

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

6            **Sec. 1.** RCW 43.162.005 and 2003 c 235 s 1 are each amended to read  
7 as follows:

8            The legislature finds that Washington's innovation and trade-driven  
9 economy has provided tremendous opportunities for citizens of the  
10 state, but that there is no guarantee that globally competitive firms  
11 will continue to grow and locate in the state. The current economic  
12 development system is fragmented among numerous programs, councils,  
13 centers, and organizations with inadequate overall coordination and  
14 insufficient guidance built into the system to ensure that the system  
15 is responsive to its customers. The current economic development  
16 system's data-gathering and evaluation methods are inconsistent and  
17 unable to provide adequate information for determining how well the  
18 system is performing on a regular basis so the system may be held  
19 accountable for its outcomes.

1       The legislature also finds that developing ~~((an effective))~~ a  
2 comprehensive economic development ~~((strategy for the state and~~  
3 ~~operating))~~ strategic plan to guide the operation of effective economic  
4 development programs, including workforce training, infrastructure  
5 development, small business assistance, technology transfer, and export  
6 assistance, ~~((are))~~ is vital to the state's efforts to increase the  
7 competitiveness of state businesses, encourage employment growth,  
8 increase state revenues, and generate economic well-being. ~~((In~~  
9 ~~addition, the legislature finds that))~~ There is a need for responsive  
10 and consistent involvement of the private sector in the state's  
11 economic development efforts. The legislature finds that there is a  
12 need for the development of coordination criteria for business  
13 recruitment, expansion, and retention activities carried out by the  
14 state and local entities. It is the intent of the legislature to  
15 create an economic development commission that will ~~((develop and~~  
16 ~~update the state's economic development strategy and performance~~  
17 ~~measures and provide advice to and oversight of the department of~~  
18 ~~community, trade, and economic development))~~ provide planning,  
19 coordination, evaluation, monitoring, and policy analysis and  
20 development for the state economic development system as a whole, and  
21 advice to the governor and legislature concerning the state economic  
22 development system.

23       **Sec. 2.** RCW 43.162.010 and 2003 c 235 s 2 are each amended to read  
24 as follows:

25       (1) The Washington state economic development commission is  
26 established to oversee the economic development strategies and policies  
27 of the department of community, trade, and economic development.

28       (2)(a) The Washington state economic development commission shall  
29 consist of ~~((at least seven and no more than nine))~~ eleven voting  
30 members appointed by the governor as follows: Six representatives of  
31 the private sector, one representative of labor, one representative of  
32 port districts, one representative of four-year state public higher  
33 education, one representative for state community or technical  
34 colleges, and one representative of associate development  
35 organizations. The director of the department of community, trade, and  
36 economic development, the director of the workforce training and  
37 education coordinating board, the commissioner of the employment

1 security department, and the chairs and ranking minority members of the  
2 standing committees of the house of representatives and the senate  
3 overseeing economic development policies shall serve as nonvoting ex  
4 officio members.

5 The chair of the commission shall be a voting member selected by  
6 the governor with the consent of the senate, and shall serve at the  
7 pleasure of the governor. In selecting the chair, the governor shall  
8 seek a person who understands the future economic needs of the state  
9 and nation and the role the state's economic development system has in  
10 meeting those needs.

11 (b) In making the appointments, the governor shall consult with  
12 organizations that have an interest in economic development, including,  
13 but not limited to, industry associations, labor organizations,  
14 minority business associations, economic development councils, chambers  
15 of commerce, port associations, tribes, and the chairs of the  
16 legislative committees with jurisdiction over economic development.

17 (c) The members shall be representative of the geographic regions  
18 of the state, including eastern and central Washington, as well as  
19 represent the ethnic diversity of the state. ~~((Representation shall~~  
20 ~~derive primarily from the)) Private sector(~~(, including, but not~~~~  
21 ~~limited to,)) members shall represent existing and emerging industries,  
22 small businesses, women-owned businesses, and minority-owned  
23 businesses(~~(, but other sectors of the economy that have experience in~~~~  
24 ~~economic development, including labor organizations and nonprofit~~  
25 ~~organizations, shall be represented as well. A minimum of seventy five~~  
26 ~~percent of the members shall represent the private sector)). Members~~  
27 of the commission shall serve statewide interests while preserving  
28 their diverse perspectives, and shall be recognized leaders in their  
29 fields with demonstrated experience in economic development or  
30 disciplines related to economic development.

31 (3) Members appointed by the governor shall serve at the pleasure  
32 of the governor for three-year terms(~~(, except that through June 30,~~  
33 ~~2004, members currently serving on the economic development commission~~  
34 ~~created by executive order may continue to serve at the pleasure of the~~  
35 ~~governor. Of the initial members appointed to serve after June 30,~~  
36 ~~2004, two members shall serve one year terms, three members shall serve~~  
37 ~~two year terms, and the remainder of the commission members shall serve~~  
38 ~~three year terms)).~~

1 (4) (~~The commission chair shall be selected from among the~~  
2 ~~appointed members by the majority vote of the members.~~

3 ~~(5))~~ The commission may establish committees as it desires, and  
4 may invite nonmembers of the commission to serve as committee members.

5 (5) The executive director of the commission shall be appointed by  
6 the governor with the consent of the voting members of the commission.  
7 The governor may dismiss the director only with the approval of a  
8 majority vote of the commission. The commission, by a majority vote,  
9 may dismiss the executive director with the approval of the governor.

10 (6) The commission may adopt rules for its own governance.

11 NEW SECTION. Sec. 3. A new section is added to chapter 43.162 RCW  
12 to read as follows:

13 (1) The commission shall employ an executive director. The  
14 executive director shall serve as chief executive officer of the  
15 commission and shall administer the provisions of this chapter, employ  
16 such personnel as may be necessary to implement the purposes of this  
17 chapter, utilize staff of existing operating agencies to the fullest  
18 extent possible, and employ outside consulting and service agencies  
19 when appropriate.

20 (2) The executive director may not be the chair of the commission.

21 (3) The executive director shall appoint necessary staff who shall  
22 be exempt from the provisions of chapter 41.06 RCW. The executive  
23 director's appointees shall serve at the executive director's pleasure  
24 on such terms and conditions as the executive director determines but  
25 subject to chapter 42.52 RCW.

26 (4) The executive director shall appoint and employ such other  
27 employees as may be required for the proper discharge of the functions  
28 of the commission.

29 (5) The executive director shall exercise such additional powers,  
30 other than rule making, as may be delegated by the commission.

31 **Sec. 4.** RCW 43.162.020 and 2003 c 235 s 3 are each amended to read  
32 as follows:

33 The Washington state economic development commission shall  
34 (~~perform the following duties:~~

35 ~~(1) Review and periodically update the state's economic development~~  
36 ~~strategy, including implementation steps, and performance measures, and~~

1 ~~perform an annual evaluation of the strategy and the effectiveness of~~  
2 ~~the state's laws, policies, and programs which target economic~~  
3 ~~development;~~

4 ~~(2) Provide policy, strategic, and programmatic direction to the~~  
5 ~~department of community, trade, and economic development regarding~~  
6 ~~strategies to:~~

7 ~~(a) Promote business retention, expansion, and creation within the~~  
8 ~~state;~~

9 ~~(b) Promote the business climate of the state and stimulate~~  
10 ~~increased national and international investment in the state;~~

11 ~~(c) Promote products and services of the state;~~

12 ~~(d) Enhance relationships and cooperation between local~~  
13 ~~governments, economic development councils, federal agencies, state~~  
14 ~~agencies, and the legislature;~~

15 ~~(e) Integrate economic development programs, including work force~~  
16 ~~training, technology transfer, and export assistance; and~~

17 ~~(f) Make the funds available for economic development purposes more~~  
18 ~~flexible to meet emergent needs and maximize opportunities;~~

19 ~~(3) Identify policies and programs to assist Washington's small~~  
20 ~~businesses;~~

21 ~~(4) Assist the department of community, trade, and economic~~  
22 ~~development with procurement and deployment of private funds for~~  
23 ~~business development, retention, expansion, and recruitment as well as~~  
24 ~~other economic development efforts;~~

25 ~~(5) Meet with the chairs and ranking minority members of the~~  
26 ~~legislative committees from both the house of representatives and the~~  
27 ~~senate overseeing economic development policies; and~~

28 ~~(6) Make a biennial report to the appropriate committees of the~~  
29 ~~legislature regarding the commission's review of the state's economic~~  
30 ~~development policy, the commission's recommendations, and steps taken~~  
31 ~~by the department of community, trade, and economic development to~~  
32 ~~implement the recommendations. The first report is due by December 31,~~  
33 ~~2004)):~~

34 (1) Concentrate its major efforts on planning, coordination,  
35 evaluation, policy analysis, and recommending improvements to the  
36 state's economic development system using, but not limited to, the  
37 "Next Washington" plan and the global competitiveness council  
38 recommendations;

1       (2) Develop and maintain on a biennial basis a state comprehensive  
2 plan for economic development, including but not limited to goals,  
3 objectives, and priorities for the state economic development system;  
4 identify the elements local associate development organizations must  
5 include in their countywide economic development plans; and review the  
6 state system for consistency with the state comprehensive plan. In  
7 developing the state comprehensive plan for economic development, the  
8 commission shall use, but may not be limited to: Economic, labor  
9 market, and populations trend reports in office of financial management  
10 forecasts; the annual state economic climate report prepared by the  
11 economic climate council; joint office of financial management and  
12 employment security department labor force, industry employment, and  
13 occupational forecasts; the results of scientifically based outcome  
14 evaluations; the needs of industry associations, industry clusters,  
15 businesses, and employees as evidenced in formal surveys and other  
16 input;

17       (3) Establish and maintain an inventory of the programs of the  
18 state economic development system and related state programs; perform  
19 a biennial assessment of the ongoing and strategic economic development  
20 needs of the state; and assess the extent to which the economic  
21 development system and related programs represent a consistent,  
22 coordinated, efficient, and integrated approach to meet such needs; and

23       (4) Produce a biennial report to the governor and the legislature  
24 on progress by the commission in coordinating the state's economic  
25 development system and meeting the other obligations of this chapter,  
26 as well as include recommendations for any statutory changes necessary  
27 to enhance operational efficiencies or improve coordination.

28       The commission may delegate to the director any of the functions of  
29 this section.

30       NEW SECTION. Sec. 5. A new section is added to chapter 43.162 RCW  
31 to read as follows:

32       Subject to available funds, the Washington state economic  
33 development commission may:

34       (1) Periodically review for consistency with the state  
35 comprehensive plan for economic development the policies and plans  
36 established for:

1 (a) Business and technical assistance by the small business  
2 development center, the Washington manufacturing service, the  
3 Washington technology center, associate development organizations, the  
4 department of community, trade, and economic development, and the  
5 office of minority and women-owned business enterprises;

6 (b) Export assistance by the small business export finance  
7 assistance center, the international marketing program for agricultural  
8 commodities and trade, the department of agriculture, the center for  
9 international trade in forest products, associate development  
10 organizations, and the department of community, trade, and economic  
11 development; and

12 (c) Infrastructure development by the department of community,  
13 trade, and economic development and the department of transportation;

14 (2) Review and make recommendations to the office of financial  
15 management and the legislature on budget requests and legislative  
16 proposals relating to the state economic development system for  
17 purposes of consistency with the state comprehensive plan for economic  
18 development;

19 (3) Provide for coordination among the different agencies,  
20 organizations, and components of the state economic development system  
21 at the state level and at the regional level;

22 (4) Advocate for the state economic development system and for  
23 meeting the needs of industry associations, industry clusters,  
24 businesses, and employees;

25 (5) Identify partners and develop a plan to develop a consistent  
26 and reliable database on participation rates, costs, program  
27 activities, and outcomes from publicly funded economic development  
28 programs in this state by January 1, 2011.

29 (a) In coordination with the development of the database, the  
30 commission shall establish standards for data collection and  
31 maintenance for providers in the economic development system in a  
32 format that is accessible to use by the commission. The commission  
33 shall require a minimum of common core data to be collected by each  
34 entity providing economic development services with public funds and  
35 shall develop requirements for minimum common core data in consultation  
36 with the economic climate council, the office of financial management,  
37 and the providers of economic development services;



1 (b) The commission shall establish minimum common standards and  
2 metrics for program evaluation of economic development programs, and  
3 monitor such program evaluations; and

4 (c) The commission shall, beginning no later than January 1, 2012,  
5 periodically administer, based on a schedule established by the  
6 commission, scientifically based outcome evaluations of the state  
7 economic development system including, but not limited to, surveys of  
8 industry associations, industry cluster associations, and businesses  
9 served by publicly funded economic development programs; matches with  
10 employment security department payroll and wage files; and matches with  
11 department of revenue tax files; and

12 (6) Evaluate proposals for expenditure from the economic  
13 development strategic reserve account and recommend expenditures from  
14 the account.

15 The commission may delegate to the director any of the functions of  
16 this section.

17 NEW SECTION. **Sec. 6.** (1) The commission must develop and update  
18 a state comprehensive plan for economic development and an initial  
19 inventory of economic development programs, as required under section  
20 4 of this act, by June 30, 2008.

21 (2) Using the information from the inventory, public input, and  
22 such other information as it deems appropriate, the commission shall,  
23 by September 1, 2008, provide a report with findings, analysis, and  
24 recommendations to the governor and the legislature on the appropriate  
25 state role in economic development and the appropriate administrative  
26 and regional structures for the provision of economic development  
27 services. The report shall address how best to organize the state  
28 system to ensure that the state's economic development efforts:

29 (a) Are organized around a clear central mission and aligned with  
30 the state's comprehensive plan for economic development;

31 (b) Are capable of providing focused and flexible responses to  
32 changing economic conditions;

33 (c) Generate greater local capacity to respond to local  
34 opportunities and needs;

35 (d) Face no administrative barriers to efficiency and  
36 effectiveness;

1 (e) Maximize results through partnerships and the use of  
2 intermediaries; and

3 (f) Provide increased accountability to the public, the executive  
4 branch, and the legislature.

5 (3) The report should address the potential value of creating or  
6 consolidating specific programs if doing so would be consistent with an  
7 agency's core mission, and the potential value of removing specific  
8 programs from an agency if the programs are not central to the agency's  
9 core mission.

10 **Sec. 7.** RCW 43.162.030 and 2003 c 235 s 4 are each amended to read  
11 as follows:

12 ~~((1) The Washington state economic development commission shall  
13 receive the necessary staff support from the staff resources of the  
14 governor, the department of community, trade, and economic development,  
15 and other state agencies as appropriate, and within existing resources  
16 and operations.~~

17 ~~(2))~~ Creation of the Washington state economic development  
18 commission shall not be construed to modify any authority or budgetary  
19 responsibility of the governor or the department of community, trade,  
20 and economic development.

21 **Sec. 8.** RCW 82.33A.010 and 1998 c 245 s 168 are each amended to  
22 read as follows:

23 (1) The economic climate council is hereby created.

24 (2) The council shall, in consultation with the Washington economic  
25 development commission, select a series of ~~((no more than ten))~~  
26 benchmarks that characterize the competitive environment of the state.  
27 The benchmarks should be indicators of the cost of doing business; the  
28 education and skills of the work force; a sound infrastructure; and the  
29 quality of life. In selecting the appropriate benchmarks, the council  
30 shall use the following criteria:

31 (a) The availability of comparative information for other states  
32 and countries;

33 (b) The timeliness with which benchmark information can be  
34 obtained; and

35 (c) The accuracy and validity of the benchmarks in measuring the  
36 economic climate indicators named in this section.

1 (3) Each year the council shall prepare an official state economic  
2 climate report on the present status of benchmarks, changes in the  
3 benchmarks since the previous report, and the reasons for the changes.  
4 The reports shall include current benchmark comparisons with other  
5 states and countries, and an analysis of factors related to the  
6 benchmarks that may affect the ability of the state to compete  
7 economically at the national and international level.

8 (4) All agencies of state government shall provide to the council  
9 immediate access to all information relating to economic climate  
10 reports.

11 **Sec. 9.** RCW 82.33A.020 and 1996 c 152 s 4 are each amended to read  
12 as follows:

13 ~~((1))~~ The economic climate council shall ~~((create an advisory~~  
14 ~~committee to assist the council))~~ consult with the Washington economic  
15 development commission in selecting benchmarks and developing economic  
16 climate reports and benchmarks. The ~~((advisory committee))~~ commission  
17 shall provide for a process to ensure public participation in the  
18 selection of the benchmarks. ~~((The advisory committee shall consist of~~  
19 ~~no more than seven members. At least two of the members of the~~  
20 ~~advisory committee shall have experience in and represent business, and~~  
21 ~~at least two of the members shall have experience in and represent~~  
22 ~~labor. All of the members of the advisory committee shall have special~~  
23 ~~expertise and interest in the state's economic climate and competitive~~  
24 ~~strategies. Appointments to the advisory committee shall be~~  
25 ~~recommended by the chair of the council and approved by a two thirds~~  
26 ~~vote of the council. The chair of the advisory committee shall be~~  
27 ~~selected by the members of the committee.~~

28 ~~(2) The advisory committee shall meet as determined by the chair of~~  
29 ~~the committee until September 30, 1996, and shall meet at least twice~~  
30 ~~per year thereafter in advance of the economic climate reports due on~~  
31 ~~March 31st and September 30th of each year.~~

32 ~~(3) Members of the advisory council shall serve without~~  
33 ~~compensation but shall be reimbursed for travel expenses in accordance~~  
34 ~~with RCW 43.03.050 and 43.03.060 while attending meetings of the~~  
35 ~~advisory committee, sessions of the economic climate council, or on~~  
36 ~~official business authorized by the council.))~~

1        NEW SECTION.    **Sec. 10.**    If specific funding for the purposes of  
2    this act, referencing this act by bill or chapter number, is not  
3    provided by June 30, 2007, in the omnibus appropriations act, this act  
4    is null and void.

      Passed by the Senate April 16, 2007.

      Passed by the House April 12, 2007.

      Approved by the Governor April 30, 2007.

      Filed in Office of Secretary of State April 30, 2007.