

ESSB 6805 - H COMM AMD

By Committee on Community & Economic Development & Trade

ADOPTED 03/02/2010

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.162.005 and 2007 c 232 s 1 are each amended to
4 read as follows:

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

17 The legislature also finds that ~~developing a comprehensive economic~~
18 ~~development strategic plan to guide the operation of effective economic~~
19 ~~development programs, including workforce training, infrastructure~~
20 ~~development, small business assistance, technology transfer, and export~~
21 ~~assistance, is vital to the state's efforts to increase the~~
22 ~~competitiveness of state businesses, encourage employment growth,~~
23 ~~increase state revenues, and generate economic well being. There is a~~
24 ~~need for responsive and consistent involvement of the private sector in~~
25 ~~the state's economic development efforts. The legislature finds that~~
26 ~~there is a need for the development of coordination criteria for~~
27 ~~business recruitment, expansion, and retention activities carried out~~
28 ~~by the state and local entities. It is the intent of the legislature~~
29 ~~to create an economic development commission that will provide~~
30 ~~planning, coordination, evaluation, monitoring, and policy analysis and~~

1 ~~development for the state economic development system as a whole, and~~
2 ~~advice to the governor and legislature concerning the state economic~~
3 ~~development system))~~ in order to achieve long-term global
4 competitiveness, prosperity, and economic opportunity for all the
5 state's citizens, Washington state must become the most attractive,
6 creative, and fertile investment environment for innovation in the
7 world.

8 The legislature finds that the state must take a strategic approach
9 to fostering an innovation economy, and that success will be driven by
10 public and private sector leaders who are committed to developing and
11 advocating a shared vision and collaborating across organizational and
12 geographic boundaries.

13 The legislature intends therefore that (1) the Washington economic
14 development commission be comprised of business, labor, academic,
15 association, and government leaders, and (2) the commission's mission
16 be to create and regularly update a comprehensive statewide economic
17 development strategy to guide the state's investments in economic
18 development activities including: Infrastructure, talent and workforce
19 development, technology transfer, trade, access to capital, and
20 entrepreneurship.

21 **Sec. 2.** RCW 43.162.010 and 2007 c 232 s 2 are each amended to read
22 as follows:

23 (1) The Washington state economic development commission is
24 established to (~~oversee the economic development strategies and~~
25 ~~policies of the department of community, trade, and economic~~
26 ~~development)) assist the governor and legislature by providing
27 leadership, direction, and guidance on a long-term and systematic
28 approach to economic development that will result in enduring global
29 competitiveness, prosperity, and economic opportunity for all the
30 state's citizens.~~

31 (2)(a) The (~~Washington state economic development))~~ commission
32 shall consist of (~~eleven voting))~~ twenty-three members. Fifteen of
33 the members shall be voting members appointed by the governor as
34 follows: (~~Six))~~ Eight representatives of the private sector, one
35 representative of labor from east of the crest of the Cascade mountains
36 and one representative of labor from west of the crest of the Cascade
37 mountains, one representative of port districts, one representative of

1 four-year state public higher education, one representative (~~for~~) of
2 state community or technical colleges, one representative of nonprofit
3 trade associations engaged in economic development, and one
4 representative of associate development organizations. The nonvoting
5 ex officio members are: The director of the department of (~~community,~~
6 ~~trade, and economic development~~) commerce, the director of the
7 workforce training and education coordinating board, the commissioner
8 of the employment security department, and the secretary of the
9 department of transportation (~~and~~). The voting ex officio members
10 are the chairs and ranking minority members of the standing committees
11 of the house of representatives and the senate overseeing economic
12 development policies (~~shall serve as nonvoting ex officio members~~).

13 (b) Members may not designate alternates, substitutes, or
14 surrogates. However, members may participate in a meeting by
15 conference telephone or similar communications equipment so that all
16 persons participating in the meeting can hear each other at the same
17 time. Participation by that method constitutes presence in person at
18 a meeting.

19 (c) The chair of the commission shall be a voting member (~~selected~~
20 ~~by the governor with the consent of the senate, and shall serve at the~~
21 ~~pleasure of the governor. In selecting the chair, the governor shall~~
22 ~~seek a person who understands the future economic needs of the state~~
23 ~~and nation and the role the state's economic development system has in~~
24 ~~meeting those needs~~) elected by members of the commission to a two-
25 year term. The chair may be reelected to serve additional terms. The
26 chair or vice-chair may not be the director of an executive branch
27 agency or a member of the legislature. A vice-chair shall also be
28 elected by members of the commission and shall exercise the duties of
29 the commission chair in his or her absence.

30 (~~(b)~~) (d) In making the appointments, the governor shall consult
31 with the commission and with organizations that have an interest in
32 economic development, including, but not limited to, industry
33 associations, labor organizations, minority business associations,
34 economic development councils, chambers of commerce, port associations,
35 tribes, and the chairs of the legislative committees with jurisdiction
36 over economic development.

37 (~~(c)~~) (e) The members shall be representative of the geographic
38 regions of the state, including eastern and central Washington, as well

1 as represent the ethnic diversity of the state. Private sector members
2 shall represent existing and emerging industries, small businesses,
3 women-owned businesses, and minority-owned businesses. Members of the
4 commission shall serve statewide interests while preserving their
5 diverse perspectives, and shall be recognized leaders in their fields
6 with demonstrated experience in economic development, innovation, or
7 disciplines related to economic development.

8 (3) Members appointed by the governor shall serve at the pleasure
9 of the governor for not more than two consecutive three-year terms,
10 except that, as determined by the governor, the terms of four of the
11 appointees on the commission on the effective date of this section
12 expire in 2011, the terms of four of the appointees on the commission
13 on the effective date of this section expire in 2012, and the terms of
14 three of the appointees on the commission on the effective date of this
15 section expire in 2013. Thereafter all terms shall be for three years.
16 Vacancies shall be filled in the same manner as the original
17 appointments.

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

20 (5) The executive director of the commission shall be appointed by
21 the governor with the consent of the ~~((voting members of the))~~
22 commission. The salary of the executive director shall be set by the
23 governor with the consent of the commission. The governor may dismiss
24 the executive director only with the approval of a majority vote of the
25 commission. The commission, by a majority vote, may dismiss the
26 executive director with the approval of the governor. The commission
27 shall evaluate the performance of the executive director in a manner
28 consistent with the process used by the governor to evaluate the
29 performance of agency directors.

30 (6) The commission may adopt ~~((rules))~~ policies and procedures for
31 its own governance.

32 (7) As used in this chapter, "commission" means the Washington
33 state economic development commission unless the context clearly
34 requires otherwise.

35 **Sec. 3.** RCW 43.162.015 and 2007 c 232 s 3 are each amended to read
36 as follows:

37 (1) ~~((The commission shall employ an executive director.))~~ The

1 executive director of the commission shall serve as its chief executive
2 officer ~~((of the commission and))~~. Subject to available resources and
3 in accordance with commission direction, the executive director shall:

4 (a) Administer the provisions of this chapter~~((, employ such~~
5 ~~personnel as may be necessary to implement the purposes of this~~
6 ~~chapter, utilize staff of existing operating agencies to the fullest~~
7 ~~extent possible, and employ outside consulting and service agencies~~
8 ~~when appropriate))~~.

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

10 ~~(3) The executive director shall~~);

11 (b) Appoint necessary staff who shall be exempt from the provisions
12 of chapter 41.06 RCW. The executive director's appointees shall serve
13 at the executive director's pleasure on such terms and conditions as
14 the executive director determines but subject to chapter 42.52 RCW~~((-~~

15 ~~(4) The executive director shall~~);

16 (c) Appoint ~~((and employ such other))~~ employees ~~((as may be~~
17 ~~required for the proper discharge of the functions of the commission))~~
18 who shall be subject to the provisions of chapter 41.06 RCW; and

19 (d) Contract with additional persons who have specific technical
20 expertise if needed to carry out a specific, time-limited project.

21 ~~((+5))~~ (2) The executive director shall exercise ~~((such))~~
22 additional ~~((powers))~~ authority, other than rule making, as may be
23 delegated by the commission.

24 (3) The executive director must develop for commission review and
25 approval an annual commission budget and work plan in accordance with
26 the omnibus appropriations bill approved by the legislature, and must
27 present a fiscal report to the commission quarterly for its review and
28 comment. The fiscal reports must identify all moneys received and
29 their respective sources, the amounts and purposes of expenditures to
30 date, and the amounts and purposes of expenditures planned for the
31 future.

32 (4) The executive director of the commission shall report solely to
33 the governor and the commissioners on matters pertaining to commission
34 operations.

35 **Sec. 4.** RCW 43.162.020 and 2009 c 151 s 9 are each amended to read
36 as follows:

37 ~~((The Washington state economic development commission shall:~~

1 ~~(1) Concentrate its major efforts on planning, coordination,~~
2 ~~evaluation, policy analysis, and recommending improvements to the~~
3 ~~state's economic development system using, but not limited to, the~~
4 ~~"Next Washington" plan and the global competitiveness council~~
5 ~~recommendations;~~

6 ~~(2) Develop and maintain on a biennial basis a state comprehensive~~
7 ~~plan for economic development, including but not limited to goals,~~
8 ~~objectives, and priorities for the state economic development system;~~
9 ~~identify the elements local associate development organizations must~~
10 ~~include in their countywide economic development plans; and review the~~
11 ~~state system for consistency with the state comprehensive plan. The~~
12 ~~plan shall include the industry clusters in the state and the strategic~~
13 ~~clusters targeted by the commission for economic development efforts.~~
14 ~~The commission shall consult with the workforce training and education~~
15 ~~coordinating board and include labor market and economic information by~~
16 ~~the employment security department in developing the list of clusters~~
17 ~~and strategic clusters that meet the criteria identified by the working~~
18 ~~group convened by the economic development commission and the workforce~~
19 ~~training and education coordinating board under chapter 43.330 RCW. In~~
20 ~~developing the state comprehensive plan for economic development, the~~
21 ~~commission shall use, but may not be limited to: Economic, labor~~
22 ~~market, and populations trend reports in office of financial management~~
23 ~~forecasts; the annual state economic climate report prepared by the~~
24 ~~economic climate council; joint office of financial management and~~
25 ~~employment security department labor force, industry employment, and~~
26 ~~occupational forecasts; the results of scientifically based outcome~~
27 ~~evaluations; the needs of industry associations, industry clusters,~~
28 ~~businesses, and employees as evidenced in formal surveys and other~~
29 ~~input;~~

30 ~~(3) Establish and maintain an inventory of the programs of the~~
31 ~~state economic development system and related state programs; perform~~
32 ~~a biennial assessment of the ongoing and strategic economic development~~
33 ~~needs of the state; and assess the extent to which the economic~~
34 ~~development system and related programs represent a consistent,~~
35 ~~coordinated, efficient, and integrated approach to meet such needs; and~~

36 ~~(4) Produce a biennial report to the governor and the legislature~~
37 ~~on progress by the commission in coordinating the state's economic~~

1 ~~development system and meeting the other obligations of this chapter,~~
2 ~~as well as include recommendations for any statutory changes necessary~~
3 ~~to enhance operational efficiencies or improve coordination.~~

4 ~~The commission may delegate to the executive director any of the~~
5 ~~functions of this section.)~~ (1) The commission shall concentrate its
6 major efforts on strategic planning, policy research and analysis,
7 advocacy, evaluation, and promoting coordination and collaboration.

8 (2)(a) During each regular legislative session, the commission
9 shall consult with appropriate legislative committees about the state's
10 economic development needs and opportunities.

11 (b) By June 15th of each even-numbered year, the commission shall
12 submit to the governor and legislature a biennial comprehensive
13 statewide economic development strategy. The strategy may include:

14 (i) An assessment of the state's economic vitality;

15 (ii) Recommended goals, objectives, and priorities for the next
16 biennium, and the future;

17 (iii) A common set of outcomes and benchmarks for the economic
18 development system as a whole;

19 (iv) Recommendations for removing barriers and promoting
20 collaboration among participants in the innovation ecosystem;

21 (v) An inventory of existing relevant programs compiled by the
22 commission from materials submitted by agencies;

23 (vi) Recommendations for expanding, discontinuing, or redirecting
24 existing programs, or adding new programs; and

25 (vii) Recommendations of best practices and public and private
26 sector roles in implementing the strategy.

27 (3) By June 15th of every odd-numbered year, the commission shall
28 develop and submit to the governor and legislature a written update to
29 the biennial strategic plan.

30 (4) In developing the biennial strategic plan for economic
31 development and the annual update, the commission shall consult,
32 collaborate, and coordinate with relevant state agencies, private
33 sector business, nonprofit organizations involved in economic
34 development, trade associations, and relevant local organizations in
35 order to avoid duplication of effort.

36 (5) State agencies shall cooperate with the commission and provide
37 information as the commission may reasonably request.

1 (6) The commission must develop a biennial budget request for
2 approval by the office of financial management. The department of
3 commerce must forward the commission's budget request to the office of
4 financial management with the department's budget package. The
5 commission must adopt an annual budget and work plan in accordance with
6 the omnibus appropriations bill approved by the legislature.

7 (7)(a) The commission and the department of commerce shall jointly
8 develop and adopt a memorandum of understanding to outline and
9 establish clear lines of authority and responsibility between them
10 related to budget and administrative services.

11 (b) To cover its administrative expenses as fiscal agent for the
12 commission, the department of commerce may use no more than ten percent
13 of the total state amounts appropriated in any year for the personnel
14 costs of the commission plus three percent of the total nonstate
15 amounts in the commission account created in section 7 of this act.

16 (c) The memorandum of understanding shall not provide any
17 additional grant of authorities to the commission or the department
18 that is not already provided for by statute, nor diminish any
19 authorities or powers granted to either party by statute.

20 (d) Periodically, but not less often than biannually, the
21 commission and department of commerce shall review the memorandum of
22 understanding and, if necessary, recommend changes to the other party.

23 (e) As provided generally under RCW 43.162.015, the executive
24 director of the commission shall report solely to the governor and the
25 commissioners on matters pertaining to commission operations.

26 (8) To maintain its objectivity and concentration on strategic
27 planning, policy research and analysis, and evaluation, the commission
28 shall not take an administrative role in the delivery of services.
29 However, subject to available resources and consistent with its work
30 plan, the commission or the executive director may conduct outreach
31 activities such as regional forums and best practices seminars.

32 (9) The commission must evaluate its own performance on a regular
33 basis.

34 (10) The commission may accept gifts, grants, donations,
35 sponsorships, or contributions from any federal, state, or local
36 governmental agency or program, or any private source, and expend the
37 same for any purpose consistent with this chapter.

1 **Sec. 5.** RCW 43.162.025 and 2007 c 232 s 5 are each amended to read
2 as follows:

3 ~~((Subject to available funds, the Washington state economic
4 development commission may:~~

5 ~~(1) Periodically review for consistency with the state
6 comprehensive plan for economic development the policies and plans
7 established for:~~

8 ~~(a) Business and technical assistance by the small business
9 development center, the Washington manufacturing service, the
10 Washington technology center, associate development organizations, the
11 department of community, trade, and economic development, and the
12 office of minority and women-owned business enterprises;~~

13 ~~(b) Export assistance by the small business export finance
14 assistance center, the international marketing program for agricultural
15 commodities and trade, the department of agriculture, the center for
16 international trade in forest products, associate development
17 organizations, and the department of community, trade, and economic
18 development; and~~

19 ~~(c) Infrastructure development by the department of community,
20 trade, and economic development and the department of transportation;~~

21 ~~(2) Review and make recommendations to the office of financial
22 management and the legislature on budget requests and legislative
23 proposals relating to the state economic development system for
24 purposes of consistency with the state comprehensive plan for economic
25 development;~~

26 ~~(3) Provide for coordination among the different agencies,
27 organizations, and components of the state economic development system
28 at the state level and at the regional level;~~

29 ~~(4) Advocate for the state economic development system and for
30 meeting the needs of industry associations, industry clusters,
31 businesses, and employees;~~

32 ~~(5) Identify partners and develop a plan to develop a consistent
33 and reliable database on participation rates, costs, program
34 activities, and outcomes from publicly funded economic development
35 programs in this state by January 1, 2011.~~

36 ~~(a) In coordination with the development of the database, the
37 commission shall establish standards for data collection and
38 maintenance for providers in the economic development system in a~~

1 ~~format that is accessible to use by the commission. The commission~~
2 ~~shall require a minimum of common core data to be collected by each~~
3 ~~entity providing economic development services with public funds and~~
4 ~~shall develop requirements for minimum common core data in consultation~~
5 ~~with the economic climate council, the office of financial management,~~
6 ~~and the providers of economic development services;~~

7 ~~(b) The commission shall establish minimum common standards and~~
8 ~~metrics for program evaluation of economic development programs, and~~
9 ~~monitor such program evaluations; and~~

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

18 ~~(6) Evaluate proposals for expenditure from the economic~~
19 ~~development strategic reserve account and recommend expenditures from~~
20 ~~the account.~~

21 ~~The commission may delegate to the director any of the functions of~~
22 ~~this section.)) Subject to available resources, the governor or~~
23 ~~legislature may direct the commission, from time to time, to undertake~~
24 ~~additional research and policy analysis, assessments, or other special~~
25 ~~projects related to its mission.~~

26 **Sec. 6.** RCW 43.162.030 and 2007 c 232 s 7 are each amended to read
27 as follows:

28 Creation of the ((~~Washington state economic development~~))
29 commission shall not be construed to modify any authority or budgetary
30 responsibility of the governor or the department of ((~~community, trade,~~
31 ~~and economic development~~)) commerce.

32 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.162 RCW
33 to read as follows:

34 The Washington state economic development commission account is
35 created in the custody of the state treasurer. All receipts from
36 gifts, grants, donations, sponsorships, or contributions must be

1 deposited into the account. State appropriated funds may not be
2 deposited into the account. The account is subject to the allotment
3 procedures under chapter 43.88 RCW, but an appropriation is not
4 required for expenditures. Expenditures from the account may be used
5 only for purposes related to carrying out the mission, roles, and
6 responsibilities of the commission. Only the commission, or the
7 commission's designee, may authorize expenditures from the account."

8 Correct the title.

EFFECT: Retains all of the provisions of the underlying bill, except: (1) In setting limits to administrative charges, the amendment assumes that the state agency serving as the Commission's fiscal agent is the Department of Commerce; and (2) with respect to interest earned on deposits to the Commission's Account, any monthly earnings will be distributed to the state general fund rather than into the Account.

Clarifies the intent, purpose, duties, and authorities of the Washington Economic Development Commission. Modifies provisions related to the Commission membership, staff, budget, and other administrative matters.

--- END ---