

ESHB 1131 - S COMM AMD

By Committee on Economic Development, Trade & Innovation

ADOPTED 04/03/2009

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

3 "Sec. 1. RCW 43.162.010 and 2007 c 232 s 2 are each amended to
4 read as follows:

5 (1) The Washington state economic development commission is
6 established (~~(to oversee the economic development strategies and~~
7 ~~policies of the department of community, trade, and economic~~
8 ~~development)) as an independent agency of the state to provide the
9 governor and legislature with policy analysis, strategic planning,
10 program evaluation, and monitoring of the state's economic development
11 system.~~

12 (2)(a) The Washington state economic development commission shall
13 consist of eleven voting members appointed by the governor as follows:
14 Six representatives of the private sector, one representative of labor,
15 one representative of port districts, one representative of four-year
16 state public higher education, one representative for state community
17 or technical colleges, and one representative of associate development
18 organizations. The director of the department of community, trade, and
19 economic development, the director of the workforce training and
20 education coordinating board, the commissioner of the employment
21 security department, and the chairs and ranking minority members of the
22 standing committees of the house of representatives and the senate
23 overseeing economic development policies shall serve as nonvoting ex
24 officio members.

25 The chair of the commission shall be a voting member selected by
26 the governor with the consent of the senate, and shall serve at the
27 pleasure of the governor. In selecting the chair, the governor shall
28 seek a person who understands the future economic needs of the state
29 and nation and the role the state's economic development system has in
30 meeting those needs.

1 (b) In making the appointments, the governor shall consult with
2 organizations that have an interest in economic development, including,
3 but not limited to, industry associations, labor organizations,
4 minority business associations, economic development councils, chambers
5 of commerce, port associations, tribes, and the chairs of the
6 legislative committees with jurisdiction over economic development.

7 (c) The members shall be representative of the geographic regions
8 of the state, including eastern and central Washington, as well as
9 represent the ethnic diversity of the state. Private sector members
10 shall represent existing and emerging industries, small businesses,
11 women-owned businesses, and minority-owned businesses. Members of the
12 commission shall serve statewide interests while preserving their
13 diverse perspectives, and shall be recognized leaders in their fields
14 with demonstrated experience in economic development or disciplines
15 related to economic development.

16 (3) Members appointed by the governor shall serve at the pleasure
17 of the governor for not more than two consecutive three-year terms,
18 except that, as determined by the governor, the terms of four of the
19 appointees on the commission on the effective date of this section will
20 expire in 2010, the terms of four of the appointees on the commission
21 on the effective date of this section will expire in 2011, and the
22 terms of three of the appointees on the commission on the effective
23 date of this section will expire in 2012. Thereafter all terms shall
24 be for three years. Vacancies shall be filled in the same manner as
25 the original appointments.

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

28 (5) The executive director of the commission shall be appointed by
29 the governor with the consent of the voting members of the commission.
30 The salary of the executive director shall be set by the governor with
31 the consent of the commission. The governor may dismiss the executive
32 director only with the approval of a majority vote of the commission.
33 The commission, by a majority vote, may dismiss the executive director
34 with the approval of the governor.

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

36 (7) Members are eligible to receive reimbursement for travel
37 expenses incurred in the performance of their duties in accordance with
38 RCW 43.03.050 and 43.03.060.

1 (8) A majority of members currently appointed constitutes a quorum
2 for the purpose of conducting business.

3 **Sec. 2.** RCW 43.162.020 and 2007 c 232 s 4 are each amended to read
4 as follows:

5 (1) The Washington state economic development commission shall:

6 ~~((1))~~ (a) Concentrate its major efforts on planning,
7 coordination, evaluation, policy analysis, and recommending
8 improvements to the state's economic development system using, but not
9 limited to, the "Next Washington" plan and the global competitiveness
10 council recommendations;

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

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

34 ~~(+4))~~ (d) Produce a biennial report to the governor and the
35 legislature on progress by the commission in coordinating the state's
36 economic development system and meeting the other obligations of this

1 chapter, as well as include recommendations for any statutory changes
2 necessary to enhance operational efficiencies or improve coordination;

3 (e) Consult, collaborate, and coordinate with other state agencies
4 and local organizations when developing plans, inventories, and
5 assessments so as to avoid duplication of effort; and

6 (f) Have the authority to accept gifts, grants, donations,
7 sponsorships, or contributions from any federal, state, or local
8 governmental agency or program or any private source and expend the
9 same for any purpose consistent with the provisions of this chapter.

10 (2) The commission may delegate to the executive director any of
11 the functions of this section.

12 (3) The executive director must present a fiscal report to the
13 commission quarterly for its review and approval.

14 (4) To maintain its leadership and concentration on strategic
15 planning, coordination, and assessment of the economic development
16 system as a whole, the commission shall not take an administrative role
17 in the delivery of services.

18 **Sec. 3.** 2007 c 232 s 6 (uncodified) is amended to read as follows:

19 (1) ~~((The commission must develop and update a state comprehensive~~
20 ~~plan for economic development and an initial inventory of economic~~
21 ~~development programs, as required under section 4 of this act, by June~~
22 ~~30, 2008.~~

23 ~~(2))~~ Using the information from ~~((the))~~ its initial inventory of
24 economic development programs, public input, and such other information
25 as it deems appropriate, the commission shall, by ~~((September 1, 2008))~~
26 November 1, 2009, provide a report with findings, analysis, and
27 recommendations to the governor and the legislature on the appropriate
28 state role in economic development and the appropriate administrative
29 and regional structures for the provision of economic development
30 services. The report shall address how best to organize the state
31 system to ensure that the state's economic development efforts:

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

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

36 (c) Generate greater local capacity to respond to local
37 opportunities and needs;

1 (d) Face no administrative barriers to efficiency and
2 effectiveness;

3 (e) Maximize results through partnerships and the use of
4 intermediaries; and

5 (f) Provide increased accountability to the public, the executive
6 branch, and the legislature.

7 ((+3)) (2) The report should address the potential value of
8 creating or consolidating specific programs if doing so would be
9 consistent with an agency's core mission, and the potential value of
10 removing specific programs from an agency if the programs are not
11 central to the agency's core mission.

12 **Sec. 4.** RCW 43.330.280 and 2007 c 227 s 2 are each amended to read
13 as follows:

14 (1) The Washington state economic development commission shall,
15 with the advice of an innovation partnership advisory group selected by
16 the commission, have oversight responsibility for the implementation of
17 the state's efforts to further innovation partnerships throughout the
18 state. The commission shall:

19 (a) Provide information and advice to the department of community,
20 trade, and economic development to assist in the implementation of the
21 innovation partnership zone program, including criteria to be used in
22 the selection of grant applicants for funding;

23 (b) Document clusters of companies throughout the state that have
24 comparative competitive advantage or the potential for comparative
25 competitive advantage, using the process and criteria for identifying
26 strategic clusters developed by the working group specified in
27 subsection (2) of this section;

28 (c) Conduct an annual innovation opportunity analysis to identify
29 (i) the strongest current intellectual assets and research teams in the
30 state focused on emerging technologies and their commercialization, and
31 (ii) faculty and researchers that could increase their focus on
32 commercialization of technology if provided the appropriate technical
33 assistance and resources;

34 (d) Based on its findings and analysis, and in conjunction with the
35 higher education coordinating board and research institutions:

36 (i) Develop a plan to be updated annually to build on existing, and
37 develop new, intellectual assets and innovation research teams in the

1 state in research areas where there is a high potential to
2 commercialize technologies. The commission shall present the plan to
3 the governor and legislature by December (~~(31, 2007)~~) 31st of each
4 year. The higher education coordinating board shall be responsible for
5 implementing the plan in conjunction with the publicly funded research
6 institutions in the state. The plan shall address the following
7 elements and such other elements as the commission deems important:

8 (A) Specific mechanisms to support, enhance, or develop innovation
9 research teams and strengthen their research and commercialization
10 capacity in areas identified as useful to strategic clusters and
11 innovative firms in the state;

12 (B) Identification of the funding necessary for laboratory
13 infrastructure needed to house innovation research teams;

14 (C) Specification of the most promising research areas meriting
15 enhanced resources and recruitment of significant entrepreneurial
16 researchers to join or lead innovation research teams;

17 (D) The most productive approaches to take in the recruitment, in
18 the identified promising research areas, of a minimum of (~~ten~~) one
19 significant entrepreneurial researcher(~~(s over the next ten years)~~) per
20 year to join or lead innovation research teams;

21 (E) Steps to take in solicitation of private sector support for the
22 recruitment of entrepreneurial researchers and the commercialization
23 activity of innovation research teams; and

24 (F) Mechanisms for ensuring the location of innovation research
25 teams in innovation partnership zones;

26 (ii) Provide direction for the development of comprehensive
27 entrepreneurial assistance programs at research institutions. The
28 programs may involve multidisciplinary students, faculty,
29 entrepreneurial researchers, entrepreneurs, and investors in building
30 business models and evolving business plans around innovative ideas.
31 The programs may provide technical assistance and the support of an
32 entrepreneur-in-residence to innovation research teams and offer
33 entrepreneurial training to faculty, researchers, undergraduates, and
34 graduate students. Curriculum leading to a certificate in
35 entrepreneurship may also be offered;

36 (e) Develop performance measures to be used in evaluating the
37 performance of innovation research teams, the implementation of the
38 plan and programs under (d)(i) and (ii) of this subsection, and the

1 performance of innovation partnership zone grant recipients, including
2 but not limited to private investment measures, business initiation
3 measures, job creation measures, and measures of innovation such as
4 licensing of ideas in research institutions, patents, or other
5 recognized measures of innovation. The performance measures developed
6 shall be consistent with the economic development commission's
7 comprehensive plan for economic development and its standards and
8 metrics for program evaluation. The commission shall report to the
9 legislature and the governor by (~~December 31, 2008~~) September 30,
10 2009, on the measures developed; and

11 (f) Using the performance measures developed, perform a biennial
12 assessment and report, the first of which shall be due December 31,
13 2012, on:

14 (i) Commercialization of technologies developed at state
15 universities, found at other research institutions in the state, and
16 facilitated with public assistance at existing companies;

17 (ii) Outcomes of the funding of innovation research teams and
18 recruitment of significant entrepreneurial researchers;

19 (iii) Comparison with other states of Washington's outcomes from
20 the innovation research teams and efforts to recruit significant
21 entrepreneurial researchers; and

22 (iv) Outcomes of the grants for innovation partnership zones.
23 The report shall include recommendations for modifications of chapter
24 227, Laws of 2007 and of state commercialization efforts that would
25 enhance the state's economic competitiveness.

26 (2) The economic development commission and the workforce training
27 and education coordinating board shall jointly convene a working group
28 to:

29 (a) Specify the process and criteria for identification of substate
30 geographic concentrations of firms or employment in an industry and the
31 industry's customers, suppliers, supporting businesses, and
32 institutions, which process will include the use of labor market
33 information from the employment security department and local labor
34 markets; and

35 (b) Establish criteria for identifying strategic clusters which are
36 important to economic prosperity in the state, considering cluster
37 size, growth rate, and wage levels among other factors.

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.162 RCW
2 to read as follows:

3 (1) The Washington state economic development commission fund is
4 created in the state treasury. All receipts from gifts, grants,
5 donations, sponsorships, or contributions under RCW 43.162.020 must be
6 deposited into the account. Moneys in the account may be spent only
7 after appropriation. Expenditures from the account may be used by the
8 Washington state economic development commission only for purposes
9 related to carrying out the mission, roles, and responsibilities of the
10 commission.

11 (2) Whenever any money, from the federal government or from other
12 sources, that was not anticipated in the budget approved by the
13 legislature, has actually been received and is designated to be spent
14 for a specific purpose, the executive director shall use the
15 unanticipated receipts process as provided in RCW 43.79.270 to request
16 authority to spend the money.

17 (3) The commission shall use the small agency client services
18 within the office of financial management for accounting, budgeting,
19 and payroll services.

20 (4) The commission is subject to audits by the state auditor as
21 provided under chapter 43.09 RCW."

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22 On page 1, line 2 of the title, after "commission;" strike the
23 remainder of the title and insert "amending RCW 43.162.010, 43.162.020,
24 and 43.330.280; amending 2007 c 232 s 6 (uncodified); and adding a new
25 section to chapter 43.162 RCW."

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