
Community & Economic Development & Trade Committee

2SSB 6667

Brief Description: Concerning business assistance programs.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kauffman and Kastama).

Brief Summary of Second Substitute Bill

- Requires the Department of Commerce, the Small Business Development Center, the Washington Technology Center, and the Washington Quality Award Council to increase assistance to businesses, to the extent funding is provided.
- Extends the sunset date by five years for the Washington Manufacturing Innovation and Modernization Extension Service.
- Creates an Investing in Innovation Account in the custody of the State Treasurer.

Hearing Date: 2/18/10

Staff: Meg Van Schoorl (786-7105).

Background:

Several Washington state agencies have missions, programs and services related to business assistance.

Department of Commerce.

The Department of Commerce (Department) was statutorily created in 2009 as a successor agency to the Department of Community, Trade and Economic Development. The Department has adopted as its mission to grow and improve jobs in Washington, and has identified eight priorities: (a) improving the state's competitiveness; (b) strengthening education and workforce training; (c) investing in infrastructure; (d) increasing regulatory efficiency; (e) building

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community capacity; (f) focusing on rural economic development; (g) engaging with key industry sectors; and (h) helping small businesses succeed.

Washington State University Small Business Development Center.

Small Business Development Centers (SBDCs), headquartered at Washington State University (WSU), provide management and technical assistance such as training, counseling, and research, to existing small businesses and entrepreneurs. Supported by federal, state and local funds, the SBDC is a cooperative effort between WSU, other educational institutions, economic development organizations, and the U.S. Small Business Administration. The SBDC has business adviser centers at 24 locations. Legislation enacted during the 2009 session directed the SBDC network to integrate and coordinate its services with other state economic and workforce development programs.

Washington Technology Center.

The Washington Technology Center (WTC) was established in statute by the Legislature in 1983 as a collaborative effort between universities, private industry, and government. Its mission is to perform and commercialize research statewide that benefits the state's economic vitality. The WTC provides collaborative research and technology transfer opportunities to Washington industries; trains and assists small businesses to win federal Phase I Small Business Innovation Research (SBIR) awards; and has management responsibility for an "Investing in Innovation" grants program. Administered by a board of directors and supported through federal and state funds and private donations, the WTC is headquartered at the University of Washington. According to its 2008 annual report, 87 percent of the companies served by the WTC had 10 or fewer employees.

Washington Quality Award Council.

The Washington Quality Award Council (WQAC) was created by the Legislature in 1994 and modeled after the Baldrige National Quality Awards. Organized as a private 501 (c) (3) corporation, the WQAC's purpose is to set standards of excellence for organizations, encourage self-assessment, and promote a commitment to continuous quality improvement in all economic sectors. The WQAC oversees the Washington State Quality Award program which is presented annually by the Governor to high-performing work organizations. For-profit, not-for-profit, health care, public, and education sectors are eligible to apply. The WQAC is authorized by statute to conduct public information, research, education, and assistance programs. According to information on its website, the WQAC provides consulting, workshops, conferences, on-line survey tools and presentations for organizations on topics including "Lean", "Six Sigma", process improvement and reengineering, and strategic planning.

Washington Manufacturing Innovation and Modernization Extension Service (MIMES).

By statute, the Washington Manufacturing Services is a nonprofit corporation whose mission is to operate a modernization extension system and stimulate the competitiveness of small and midsize manufacturers. Small manufacturer participants in the MIMES program receive vouchers for services and agree to make contributions to the MIMES account for the services received. In 2008, funding from the MIMES account was appropriated to provide outreach

services to rural manufacturing businesses related to international trade. The MIMES program is scheduled to sunset on June 30, 2012.

Summary of Bill:

The Washington Entrepreneurial Development and Small Business Reference Service is created in the Department of Commerce. To the extent that funding is provided, the Department must establish and maintain an inventory, disseminate information, evaluate effectiveness, and recommend statutory changes related to entrepreneurial training and technical assistance services and resources available in the state. The Department must also help providers of these services apply for federal and private funding. The Department must consult with a number of named organizations and its director may appoint an advisory board to assist in carrying out these duties.

To the extent funding is provided, the SBDC must develop and maintain a state comprehensive plan for coordination and integration of small business and entrepreneurial development programs and for the operation of a statewide small business and entrepreneurial development system. The SBDC is to advocate for the system and for the needs of small start-up and existing businesses. The SBDC is also to work with private and public assistance providers on instructional materials and curricula that meet the needs of rural and low-income communities and small manufacturers interested in exporting, as well as identify ways to reduce barriers to efficient delivery of small business and entrepreneurial assistance.

The Legislature finds that innovative firms are increasingly driving the state's economic development and that it is in the state's interest to increase the number of innovative firms that understand the technology commercialization process. To the extent funding is provided, the Washington Technology Center is required to establish a program to assist small businesses to win federal technology innovation program awards.

To the extent funding is provided, the WQAC must provide training to technical assistance providers from state and local organizations in continuous quality improvement, performance measurement, strategic planning, and other approaches to improving business effectiveness, productivity and efficiency. The WQAC must also offer the services of a public and private sector manager to conduct conferences, outreach, training and technical assistance, so that organizations, agencies, and businesses can implement quality management, accountability and performance systems.

Provision of services by MIMES is subject to availability of funds. The MIMES program sunset is extended by five years to June 30, 2017.

An Investing in Innovation Account (Account) is created in the custody of the State Treasurer. Federal, state and private funds may be directed into the Account and used for innovation and commercialization purposes. Expenditures from the Account may only be authorized by the WTC's executive director or designee. The Account is subject to allotment but an appropriation is not required for expenditures. Investment earnings will be distributed proportionately to the Account on a monthly basis.

Appropriation: None.

Fiscal Note: Requested on 2/15/2010.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.