

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 1916**

Chapter 286, Laws of 2011

62nd Legislature  
2011 Regular Session

ASSOCIATE DEVELOPMENT ORGANIZATIONS--BUSINESS SERVICES

EFFECTIVE DATE: 07/22/11

Passed by the House April 15, 2011  
Yeas 96 Nays 0

FRANK CHOPP

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

Passed by the Senate April 12, 2011  
Yeas 46 Nays 0

BRAD OWEN

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

Approved May 10, 2011, 3:26 p.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1916** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

\_\_\_\_\_  
**Chief Clerk**

FILED

May 11, 2011

**Secretary of State  
State of Washington**

---

HOUSE BILL 1916

---

AS AMENDED BY THE SENATE

Passed Legislature - 2011 Regular Session

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Ryu, Kagi, Maxwell, Kenney, and Santos

Read first time 02/09/11. Referred to Committee on Community Development & Housing.

1 AN ACT Relating to business services delivered by associate  
2 development organizations; amending RCW 43.330.080, 43.330.082, and  
3 43.330.010; and adding a new section to chapter 43.330 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330 RCW  
6 to read as follows:

7 In carrying out its responsibilities under RCW 43.330.060 and  
8 43.330.080, the department must establish protocols to be followed by  
9 associate development organizations and department staff for the  
10 recruitment and retention of businesses. The protocols must specify  
11 the circumstances under which an associate development organization is  
12 required to notify the department of its business recruitment and  
13 retention efforts and when the department must notify the associate  
14 development organization of its business recruitment and retention  
15 efforts. The protocols established may not require the release of  
16 proprietary information or the disclosure of information that a client  
17 company has requested remain confidential. The department must require  
18 compliance with the protocols in its contracts with associate  
19 development organizations.

1       **Sec. 2.** RCW 43.330.080 and 2009 c 151 s 10 are each amended to  
2 read as follows:

3       In carrying out its obligations under RCW 43.330.070, the  
4 department (~~shall~~) must provide business services training to and  
5 contract with county-designated associate development organizations to  
6 increase the support for and coordination of community and economic  
7 development services in communities or regional areas. The business  
8 services training provided to the organizations contracted with must  
9 include, but need not be limited to, training in the fundamentals of  
10 export assistance and the services available from private and public  
11 export assistance providers in the state. The organizations contracted  
12 within each community or regional area (~~shall~~) must work closely with  
13 the department to carry out state-identified economic development  
14 priorities and must be broadly representative of community and economic  
15 interests. The organization (~~shall~~) must be capable of identifying  
16 key economic and community development problems, developing appropriate  
17 solutions, and mobilizing broad support for recommended initiatives.  
18 The contracting organization (~~shall~~) must work with and include local  
19 governments, local chambers of commerce, workforce development  
20 councils, port districts, labor groups, institutions of higher  
21 education, community action programs, and other appropriate private,  
22 public, or nonprofit community and economic development groups. The  
23 scope of services delivered under these contracts (~~shall~~) must  
24 include two broad areas of work:

25       (1) Direct assistance, including business planning, to companies  
26 throughout the county who need support to stay in business, expand, or  
27 relocate to Washington from out of state or other countries.  
28 Assistance must comply with business recruitment and retention  
29 protocols established in section 1 of this act, and includes:

30       (a) Working with the appropriate partners throughout the county,  
31 including but not limited to, local governments, workforce development  
32 councils, port districts, community and technical colleges and higher  
33 education institutions, export assistance providers, the Washington  
34 manufacturing services, the Washington state quality award council,  
35 small business assistance programs, and other federal, state, and local  
36 programs to facilitate the alignment of planning efforts and the  
37 seamless delivery of business support services (~~in the~~) within the  
38 entire county;

1 (b) Providing information on state and local permitting processes,  
2 tax issues, export assistance, and other essential information for  
3 operating, expanding, or locating a business in Washington;

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

8 (d) Working with businesses on site location and selection  
9 assistance;

10 (e) Providing business retention and expansion services throughout  
11 the county, including business outreach and monitoring efforts to  
12 identify and address challenges and opportunities faced by businesses;  
13 (~~and~~))

14 (f) Participating in economic development system-wide discussions  
15 regarding gaps in business start-up assistance in Washington; and

16 (g) Providing or facilitating the provision of export assistance  
17 through workshops or one-on-one assistance; and

18 (2) Support for regional economic research and regional planning  
19 efforts to implement target industry sector strategies and other  
20 economic development strategies, including cluster-based strategies,  
21 that support increased living standards and increase foreign direct  
22 investment throughout Washington. Activities include:

23 (a) Participation in regional planning efforts with workforce  
24 development councils involving coordinated strategies around workforce  
25 development and economic development policies and programs.  
26 Coordinated planning efforts (~~shall~~) must include, but not be limited  
27 to, assistance to industry clusters in the region;

28 (b) Participation between the contracting organization and the  
29 state board for community and technical colleges as created in RCW  
30 28B.50.050, and any community and technical colleges in providing for  
31 the coordination of the job skills training program and the customized  
32 training program within its region;

33 (c) Collecting and reporting data as specified by the contract with  
34 the department for statewide systemic analysis. The department  
35 (~~shall~~) must consult with the Washington state economic development  
36 commission in the establishment of such uniform data as is needed to  
37 conduct a statewide systemic analysis of the state's economic  
38 development programs and expenditures. In cooperation with other

1 local, regional, and state planning efforts, contracting organizations  
2 may provide insight into the needs of target industry clusters,  
3 business expansion plans, early detection of potential relocations or  
4 layoffs, training needs, and other appropriate economic information;

5 (d) In conjunction with other governmental jurisdictions and  
6 institutions, participate in the development of a countywide economic  
7 development plan, consistent with the state comprehensive plan for  
8 economic development developed by the Washington state economic  
9 development commission.

10 **Sec. 3.** RCW 43.330.082 and 2009 c 518 s 15 are each amended to  
11 read as follows:

12 (1)(a) Contracting associate development organizations (~~shall~~)  
13 must provide the department with measures of their performance. Annual  
14 reports (~~shall~~) must include information on the impact of the  
15 contracting organization on employment, wages, tax revenue, and capital  
16 investment. Specific measures (~~shall~~) must be developed in the  
17 contracting process between the department and the contracting  
18 organization every two years. Except as provided in (b) of this  
19 subsection, performance measures should be consistent across regions to  
20 allow for statewide evaluation.

21 (b) In addition to the measures required in (a) of this subsection,  
22 contracting associate development organizations in counties with a  
23 population greater than one million five hundred thousand persons must  
24 include the following measures in reports to the department:

25 (i) The number of small businesses that received retention and  
26 expansion services, and the outcome of those services.

27 (ii) The number of businesses located outside of the boundaries of  
28 the largest city within the contracting associate development  
29 organization's region that received recruitment, retention, and  
30 expansion services, and the outcome of those services.

31 (2)(a) The department and contracting organizations (~~shall~~) must  
32 agree upon specific target levels for the performance measures in  
33 subsection (1) of this section. Comparison of agreed thresholds and  
34 actual performance (~~shall~~) must occur annually.

35 (b) Contracting organizations that fail to achieve the agreed  
36 performance targets in more than one-half of the agreed measures  
37 (~~shall~~) must develop remediation plans to address performance gaps.

1 The remediation plans (~~shall~~) must include revised performance  
2 thresholds specifically chosen to provide evidence of progress in  
3 making the identified service changes.

4 (c) Contracts and state funding (~~shall~~) must be terminated for  
5 one year for organizations that fail to achieve the agreed upon  
6 progress toward improved performance defined under (b) of this  
7 subsection. During the year in which termination for nonperformance is  
8 in effect, organizations (~~shall~~) must review alternative delivery  
9 strategies to include reorganization of the contracting organization,  
10 merging of previous efforts with existing regional partners, and other  
11 specific steps toward improved performance. At the end of the period  
12 of termination, the department may contract with the associate  
13 development organization or its successor as it deems appropriate.

14 (3) The department (~~shall~~) must report to the legislature and the  
15 Washington economic development commission by December 31st of each  
16 even-numbered year on the performance results of the contracts with  
17 associate development organizations.

18 **Sec. 4.** RCW 43.330.010 and 2009 c 565 s 2 are each amended to read  
19 as follows:

20 Unless the context clearly requires otherwise, the definitions in  
21 this section apply throughout this chapter.

22 (1) "Associate development organization" means a local economic  
23 development nonprofit corporation that is broadly representative of  
24 community interests.

25 (2) "Department" means the department of commerce.

26 (3) "Director" means the director of the department of commerce.

27 (4) "Financial institution" means a bank, trust company, mutual  
28 savings bank, savings and loan association, or credit union authorized  
29 to do business in this state under state or federal law.

30 (5) "Microenterprise development organization" means a community  
31 development corporation, a nonprofit development organization, a  
32 nonprofit social services organization or other locally operated  
33 nonprofit entity that provides services to low-income entrepreneurs.

34 (6) "Small business" has the same meaning as provided in RCW  
35 39.29.006.

36 (7) "Statewide microenterprise association" means a nonprofit

1 entity with microenterprise development organizations as members that  
2 serves as an intermediary between the department of commerce and local  
3 microenterprise development organizations.

Passed by the House April 15, 2011.

Passed by the Senate April 12, 2011.

Approved by the Governor May 10, 2011.

Filed in Office of Secretary of State May 11, 2011.