

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE SENATE BILL 6355**

Chapter 195, Laws of 2012

62nd Legislature  
2012 Regular Session

ASSOCIATE DEVELOPMENT ORGANIZATIONS

EFFECTIVE DATE: 06/07/12

Passed by the Senate March 5, 2012  
YEAS 44 NAYS 2

BRAD OWEN

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

Passed by the House February 28, 2012  
YEAS 83 NAYS 15

FRANK CHOPP

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

Approved March 29, 2012, 7:35 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 **ENGROSSED SUBSTITUTE SENATE BILL 6355** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

\_\_\_\_\_  
**Secretary**

FILED

March 29, 2012

**Secretary of State  
State of Washington**

---

ENGROSSED SUBSTITUTE SENATE BILL 6355

---

AS AMENDED BY THE HOUSE

Passed Legislature - 2012 Regular Session

State of Washington                      62nd Legislature                      2012 Regular Session

By Senate Economic Development, Trade & Innovation (originally sponsored by Senators Rolfes, Kastama, and Chase)

READ FIRST TIME 01/31/12.

1            AN ACT Relating to associate development organizations; and  
2 amending RCW 43.330.080, 43.330.082, and 43.162.020.

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

4            **Sec. 1.** RCW 43.330.080 and 2011 c 286 s 2 are each amended to read  
5 as follows:

6            (~~In carrying out its obligations under RCW 43.330.070,~~) (1)(a)  
7 The department must (~~provide business services training to and~~)  
8 contract with county-designated associate development organizations to  
9 increase the support for and coordination of community and economic  
10 development services in communities or regional areas. (~~The business~~  
11 ~~services training provided to the organizations contracted with must~~  
12 ~~include, but need not be limited to, training in the fundamentals of~~  
13 ~~export assistance and the services available from private and public~~  
14 ~~export assistance providers in the state. The organizations contracted~~  
15 ~~within each community or regional area must work closely with the~~  
16 ~~department to carry out state identified economic development~~  
17 ~~priorities and must be broadly representative of community and economic~~  
18 ~~interests. The organization must~~) The contracting organizations in  
19 each community or regional area must:

1 (i) Be broadly representative of community and economic interests;  
2 (ii) Be capable of identifying key economic and community  
3 development problems, developing appropriate solutions, and mobilizing  
4 broad support for recommended initiatives~~((The — contracting~~  
5 ~~organization must))~~);

6 (iii) Work closely with the department to carry out state-  
7 identified economic development priorities;

8 (iv) Work with and include local governments, local chambers of  
9 commerce, workforce development councils, port districts, labor groups,  
10 institutions of higher education, community action programs, and other  
11 appropriate private, public, or nonprofit community and economic  
12 development groups; and

13 (v) Meet and share best practices with other associate development  
14 organizations at least two times each year.

15 (b) The scope of services delivered under ((these)) the contracts  
16 required in (a) of this subsection must include two broad areas of  
17 work:

18 ~~((1))~~ (i) Direct assistance, including business planning, to  
19 companies throughout the county who need support to stay in business,  
20 expand, or relocate to Washington from out of state or other countries.  
21 Assistance must comply with business recruitment and retention  
22 protocols established in RCW 43.330.062, and includes:

23 ~~((a))~~ (A) Working with the appropriate partners throughout the  
24 county~~((7))~~ including, but not limited to, local governments, workforce  
25 development councils, port districts, community and technical colleges  
26 and higher education institutions, export assistance providers, ((the  
27 ~~Washington manufacturing services)) impact Washington, the Washington  
28 state quality award council, small business assistance programs,  
29 innovation partnership zones, and other federal, state, and local  
30 programs to facilitate the alignment of planning efforts and the  
31 seamless delivery of business support services within the entire  
32 county;~~

33 ~~((b))~~ (B) Providing information on state and local permitting  
34 processes, tax issues, export assistance, and other essential  
35 information for operating, expanding, or locating a business in  
36 Washington;

37 ~~((c))~~ (C) Marketing Washington and local areas as excellent  
38 locations to expand or relocate a business and positioning Washington

1 as a globally competitive place to grow business, which may include  
2 developing and executing regional plans to attract companies from out  
3 of state;

4 ~~((d))~~ (D) Working with businesses on site location and selection  
5 assistance;

6 ~~((e))~~ (E) Providing business retention and expansion services  
7 throughout the county(~~(, including)~~). Such services must include, but  
8 are not limited to, business outreach and monitoring efforts to  
9 identify and address challenges and opportunities faced by businesses,  
10 assistance to trade impacted businesses in applying for grants from the  
11 federal trade adjustment assistance for firms program, and the  
12 provision of information to businesses on:

13 (I) Resources available for microenterprise development;

14 (II) Resources available on the revitalization of commercial  
15 districts; and

16 (III) The opportunity to maintain jobs through shared work programs  
17 authorized under chapter 50.60 RCW;

18 ~~((f))~~ (F) Participating in economic development system-wide  
19 discussions regarding gaps in business start-up assistance in  
20 Washington; ~~(and~~

21 ~~(g))~~ (G) Providing or facilitating the provision of export  
22 assistance through workshops or one-on-one assistance; and

23 (H) Using a web-based information system to track data on business  
24 recruitment, retention, expansion, and trade; and

25 ~~((2))~~ (ii) Support for regional economic research and regional  
26 planning efforts to implement target industry sector strategies and  
27 other economic development strategies, including cluster-based  
28 strategies(~~(, that support increased living standards and increase~~  
29 ~~foreign direct investment throughout Washington)~~. Research and  
30 planning efforts should support increased living standards and  
31 increased foreign direct investment, and be aligned with the statewide  
32 economic development strategy. Regional associate development  
33 organizations retain their independence to address local concerns and  
34 goals. Activities include:

35 ~~((a) - Participation)~~ (A) Participating in regional planning  
36 efforts with workforce development councils involving coordinated  
37 strategies around workforce development and economic development

1 policies and programs. Coordinated planning efforts must include, but  
2 not be limited to, assistance to industry clusters in the region;

3 ~~((b) Participation between the contracting organization and))~~ (B)  
4 Participating with the state board for community and technical colleges  
5 as created in RCW 28B.50.050, and any community and technical colleges  
6 in ~~((providing for))~~ the coordination of the job skills training  
7 program and the customized training program within its region;

8 ~~((c))~~ (C) Collecting and reporting data as specified by the  
9 contract with the department for statewide systemic analysis. The  
10 department must consult with the Washington state economic development  
11 commission in the establishment of such uniform data as is needed to  
12 conduct a statewide systemic analysis of the state's economic  
13 development programs and expenditures. In cooperation with other  
14 local, regional, and state planning efforts, contracting organizations  
15 may provide insight into the needs of target industry clusters,  
16 business expansion plans, early detection of potential relocations or  
17 layoffs, training needs, and other appropriate economic information;

18 ~~((d))~~ (D) In conjunction with other governmental jurisdictions  
19 and institutions, participate in the development of a countywide  
20 economic development plan, consistent with the state comprehensive plan  
21 for economic development developed by the Washington state economic  
22 development commission.

23 (2) The department must provide business services training to the  
24 contracting organizations, including but not limited to:

25 (a) Training in the fundamentals of export assistance and the  
26 services available from private and public export assistance providers  
27 in the state; and

28 (b) Training in the provision of business retention and expansion  
29 services as required by subsection (1)(b)(i)(E) of this section.

30 **Sec. 2.** RCW 43.330.082 and 2011 c 286 s 3 are each amended to read  
31 as follows:

32 (1)(a) Contracting associate development organizations must provide  
33 the department with measures of their performance and a summary of best  
34 practices shared and implemented by the contracting organizations.  
35 Annual reports must include ~~((information on the impact of the~~  
36 ~~contracting organization on employment, wages, tax revenue, and capital~~  
37 ~~investment. Specific measures must be developed in the contracting~~

1 ~~process between the department))~~ the following information to show the  
2 contracting organization's impact on employment and overall changes in  
3 employment: Current employment and economic information for the  
4 community or regional area produced by the employment security  
5 department; the net change from the previous year's employment and  
6 economic information using data produced by the employment security  
7 department; other relevant information on the community or regional  
8 area; the amount of funds received by the contracting organization  
9 through its contract with the department; the amount of funds received  
10 by the contracting organizations through all sources; and the  
11 contracting organization's impact on employment through all funding  
12 sources. Annual reports may include the impact of the contracting  
13 organization on wages, exports, tax revenue, small business creation,  
14 foreign direct investment, business relocations, expansions,  
15 terminations, and capital investment. Data must be input into a common  
16 web-based business information system managed by the department.  
17 Specific measures, data standards, and data definitions must be  
18 developed in the contracting process between the department, the  
19 economic development commission, and the contracting organization every  
20 two years. Except as provided in (b) of this subsection, performance  
21 measures should be consistent across regions to allow for statewide  
22 evaluation.

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

27 (i) The number of small businesses that received retention and  
28 expansion services, and the outcome of those services;

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

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

37 (b) Contracting organizations that fail to achieve the agreed  
38 performance targets in more than one-half of the agreed measures must

1 develop remediation plans to address performance gaps. The remediation  
2 plans must include revised performance thresholds specifically chosen  
3 to provide evidence of progress in making the identified service  
4 changes.

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

15 (3) The department must submit a preliminary report to the  
16 Washington economic development commission by September 1st of each  
17 even-numbered year, and a final report to the legislature and the  
18 Washington economic development commission by December 31st of each  
19 even-numbered year on the performance results of the contracts with  
20 associate development organizations.

21 (4) Contracting associate development organizations must provide  
22 the Washington state economic development commission with information  
23 to be used in the comprehensive statewide economic development strategy  
24 and progress report due under RCW 43.162.020, by the date determined by  
25 the commission.

26 **Sec. 3.** RCW 43.162.020 and 2011 c 311 s 5 are each amended to read  
27 as follows:

28 (1) The commission must concentrate its major efforts on strategic  
29 planning, policy research and analysis, advocacy, evaluation, and  
30 promoting coordination and collaboration.

31 (2) During each regular legislative session, the commission must  
32 consult with appropriate legislative committees about the state's  
33 economic development needs and opportunities.

34 (3)(a) By October 1st of each even-numbered year, the commission  
35 must submit to the governor and legislature a biennial comprehensive  
36 statewide economic development strategy with a report on progress from  
37 the previous comprehensive strategy.

1 (b) The comprehensive statewide economic development strategy must  
2 include the industry clusters in the state and the strategic clusters  
3 targeted by the commission for economic development efforts. The  
4 commission must consult with the workforce training and education  
5 coordinating board and include labor market and economic information by  
6 the employment security department in developing the list of clusters  
7 and strategic clusters that meet the criteria identified by the working  
8 group convened by the economic development commission and the workforce  
9 training and education coordinating board under chapter 43.330 RCW.

10 (4)(a) In developing the comprehensive statewide economic  
11 development strategy, the commission must use, but may not be limited  
12 to: Economic, labor market, and populations trend reports in office of  
13 financial management forecasts; the annual state economic climate  
14 report prepared by the economic climate council; joint office of  
15 financial management and employment security department labor force,  
16 industry employment, and occupational forecasts; the results of  
17 scientifically based outcome evaluations; the needs of industry  
18 associations, industry clusters, businesses, and employees as evidenced  
19 in formal surveys and other input.

20 (b) The comprehensive statewide economic development strategy may  
21 include:

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

23 (ii) Recommended goals, objectives, and priorities for the next  
24 biennium, and the future;

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

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

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

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

33 (vii) Recommendations of best practices and public and private  
34 sector roles in implementing the comprehensive statewide economic  
35 development strategy.

36 (c) The report on progress from the previous comprehensive strategy  
37 must include information provided by associate development  
38 organizations as requested by the commission. The commission may

1 include recommendations for associate development organizations in the  
2 report on progress or in the comprehensive statewide economic  
3 development strategy.

4 (5) In developing the biennial statewide economic development  
5 strategy, plans, inventories, assessments, and policy research, the  
6 commission must consult, collaborate, and coordinate with relevant  
7 state agencies, private sector businesses, nonprofit organizations  
8 involved in economic development, trade associations, associate  
9 development organizations, and relevant local organizations in order to  
10 avoid duplication of effort.

11 (6) State agencies and associate development organizations must  
12 cooperate with the commission and provide information as the commission  
13 may reasonably request.

14 (7) The commission must develop a biennial budget request for  
15 approval by the office of financial management. The commission must  
16 adopt an annual budget and work plan in accordance with the omnibus  
17 appropriations bill approved by the legislature.

18 (8)(a) The commission and its fiscal agent must jointly develop and  
19 adopt a memorandum of understanding to outline and establish clear  
20 lines of authority and responsibility between them related to budget  
21 and administrative services.

22 (b) The memorandum of understanding may not provide any additional  
23 grant of authorities to the commission or the fiscal agent that is not  
24 already provided for by statute, nor diminish any authorities or powers  
25 granted to either party by statute.

26 (c) Periodically, but not less often than biannually, the  
27 commission and fiscal agent must review the memorandum of understanding  
28 and, if necessary, recommend changes to the other party.

29 (d) As provided generally under RCW 43.162.015, the executive  
30 director of the commission must report solely to the governor and the  
31 commissioners on matters pertaining to commission operations.

32 (9) To maintain its objectivity and concentration on strategic  
33 planning, policy research and analysis, and evaluation, the commission  
34 may not take an administrative role in the delivery of services.  
35 However, subject to available resources and consistent with its work  
36 plan, the commission or the executive director may conduct outreach  
37 activities such as regional forums and best practices seminars.

1       (10) The commission must evaluate its own performance on a regular  
2 basis.

3       (11) The commission may accept gifts, grants, donations,  
4 sponsorships, or contributions from any federal, state, or local  
5 governmental agency or program, or any private source, and expend the  
6 same for any purpose consistent with this chapter.

Passed by the Senate March 5, 2012.

Passed by the House February 28, 2012.

Approved by the Governor March 29, 2012.

Filed in Office of Secretary of State March 29, 2012.