**6100.E AMH TED H4563.1 - NOT FOR FLOOR USE**

**ESB 6100** - H COMM AMD

By Committee on Technology & Economic Development

**NOT ADOPTED 03/03/2016**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  (1) The legislature finds that:

(a) Washington's unemployment rate during the recent recession created economic and social hardships for the people of the state;

(b) Local start-up companies and small businesses are likely, as they grow, to remain in their communities of origin, thereby creating local jobs and an economic multiplier effect with their payrolls and taxes while providing local economic stimuli, which increases the local tax base;

(c) Statewide economic prosperity and job creation are advanced significantly by creating, promoting, and retaining local start-up companies and small businesses with high growth potential;

(d) Entrepreneurs and small business owners of second-stage companies, which are those companies that are beyond the start-up stage but have not yet fully matured, with innovative products or services that satisfy market needs, have particular potential for expansion and job creation;

(e) Such entrepreneurs and owners can benefit from specialized business assistance to refine core strategies and from access to in-depth market research, competitor analyses, geographic information systems, search engine optimization, and other strategic information, as well as from relationships with mentors and advisers;

(f) The aspects of economic gardening that incorporate these principles have proven successful in improving the entrepreneurial process and promoting economically sustainable local businesses; and

(g) It is important to the overall health and growth of the state's economy to promote favorable conditions for those expanding Washington businesses that demonstrate the ability to grow.

(2) In recognition of the foregoing findings and principles, it is the intent of the legislature to create a Washington economic gardening pilot project in the department of commerce.

NEW SECTION. **Sec.**  A new section is added to chapter 43.31 RCW to read as follows:

(1) There is hereby created within the department the economic gardening pilot project. The purpose of the pilot project is to stimulate Washington's economy and create good-paying, sustainable jobs by providing economic gardening strategic assistance services to second-stage companies in accordance with this section.

(2) The department must oversee and direct all resources for the execution of the pilot project. The department must work with chambers of commerce, associate development organizations, and other economic development organizations to implement the pilot project. The pilot project includes developing the processes for qualifying and selecting second-stage companies, identifying training components for economic development organizations implementing the pilot project, engaging private contractors as necessary to obtain strategic assistance from nationally recognized industry experts, and providing economic gardening strategic assistance to companies participating in the pilot project.

(3)(a) On or before January 1, 2017, the department must initiate a program to provide or obtain all necessary credentials for high-impact strategic assistance for the economic development organizations participating in the pilot project.

(b) Economic development organizations participating in the pilot project must be certified in economic gardening by an entity with relevant expertise in providing strategic assistance to second-stage companies.

(i) Prior to December 1, 2016, the department must issue a request for expression of interest in offering an economic gardening strategic assistance program. The department must compile a list of interested parties identified through the request for expression of interest process.

(ii) By December 1, 2016, the department must provide the list to the legislature. The department must select from the list of interested parties the entity it deems best able to deliver the training and strategic assistance services to second-stage companies described in this section and achieve the deliverables identified in subsection (6) of this section.

(c) The department or economic development organizations participating in the pilot project may, as necessary, contract with national specialists in the industries of the second-stage companies selected for the pilot program.

(d) The department must use the existing infrastructure of economic development organizations in the state to promote the pilot project to second-stage companies and to those clients and referrals that show growth potential in jobs, sales, or export potential.

(4)(a) On or before January 1, 2017, the department and participating economic development organizations must publish criteria for a second-stage company to be selected to participate in the pilot project. The criteria must include job growth potential, sustainability, export potential, and a workforce comprised of at least fifty percent Washington residents. Application criteria must also include requirements for data collection, as specified by the department, to show the impacts of services provided through the pilot project. The department and participating economic development organizations must utilize existing strategic infrastructure and consult with local and regional economic development partners, such as chambers of commerce, associate development organizations, and other local or regional economic development entities, to identify eligible second-stage companies.

(b) In order to participate in the pilot project, a company selected for participation must pay a one-time fee of seven hundred fifty dollars, which moneys must be deposited into the economic gardening pilot project fund, created in subsection (5) of this section, for reinvestment in the pilot project.

(c) On or before March 1, 2017, the department and participating economic development organizations must select a minimum of twenty companies to participate in the pilot project.

(d) The department must oversee staff members certified pursuant to subsection (3)(b) of this section and private contractors selected pursuant to subsection (3)(c) of this section to deploy strategic assistance to all pilot project participants. The department and participating economic development organizations must acquire any tools necessary to provide the strategic assistance, including database licenses, permits, and economic gardening certification.

(e) A participating company has twelve months from the date that the department and participating economic development organizations select the company to participate in the pilot project to use the strategic assistance and other economic gardening services offered pursuant to the pilot project.

(5) There is hereby created in the state treasury the economic gardening pilot project fund, to be administered by the department. The fund consists of all fees received under subsection (4)(b) of this section and any moneys appropriated by the legislature for the purposes of this section. The legislature must make annual appropriations of the moneys in the fund to the department for administering the pilot project. Any moneys in the fund not appropriated must remain in the fund and may not be transferred or revert to the general fund at the end of any fiscal year.

(6) On or before November 1, 2017, and on or before November 1st each year thereafter through November 1, 2019, and in compliance with RCW 43.01.036 the department must submit a report to the economic development and workforce development committees of the legislature. The report must include, at a minimum:

(a) The services offered through the pilot project's strategic assistance;

(b) The department's expenditures on strategic assistance provided to pilot project participants;

(c) The number and types of jobs created as a result of the pilot project;

(d) The increased sales as a result of the pilot project; and

(e) The value of goods or services sold outside the company's local area or state.

(7) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Department" means the department of commerce.

(b) "Economic gardening" means an approach to economic growth and development that emphasizes nurturing and cultivating local small businesses by providing strategic assistance to second-stage companies.

(c) "Key industry" means an industry critical to the Washington economy, as identified by the department.

(d) "Pilot project" means the economic gardening pilot project created in this section.

(e) "Second-stage company" means a privately held business that:

(i) Employs full-time at least six persons but not more than ninety-nine persons;

(ii) Has maintained its principal place of business and a majority of its employees in Washington for at least the previous two years;

(iii) Claims at least five hundred thousand dollars but not more than fifty million dollars as annual gross revenue or working capital; and

(iv) Has a product or service that is, or has the potential to be, sold outside the company's local area or state.

(f) "Strategic assistance" or "economic gardening strategic assistance" means performing high-level database research and analysis or deploying staff members certified under subsection (4) of this section or possessing national expertise in the relevant industry to perform market research, develop core strategies, conduct business modeling, identify qualified sales leads, provide growth financing referrals, perform search engine optimization, utilize geographic information systems, advise on new media marketing, or assist with network analyses and innovation strategies.

(8) The pilot project created in this section terminates July 1, 2019.

(9) This section expires July 1, 2020."

Correct the title.

EFFECT: Makes the following changes to the economic gardening pilot project within the Department of Commerce (Commerce):

(1) Provides that certification to participate may be provided by an entity with relevant expertise in providing strategic assistance to second-stage companies, rather than requiring certification to be provided by a nationally recognized certifying entity;

(2) Requires Commerce, before December 1, 2016, to issue a request for expression of interest, compile a list of interested parties, deliver the list to the legislature, and select from the list the entity it deems best able to deliver training and strategic assistance services to second-stage companies and achieve deliverables, including promoting job creation, increased sales, and increased value of goods or services exported;

(3) Authorizes Commerce or participating economic development organizations (EDOs) to contract with national specialists in the industries of the selected companies, rather than requiring Commerce and EDOs to contract with trained and certified economic gardening private contractors; and

(4) Removes "consulting" from the definition of "strategic assistance."