
Technology & Economic Development Committee

ESB 6100

Brief Description: Establishing an economic gardening pilot program.

Sponsors: Senators Chase, Brown, Angel, Hatfield, Ericksen and McCoy.

<p>Brief Summary of Engrossed Bill</p> <ul style="list-style-type: none">• Establishes an Economic Gardening pilot program within the Department of Commerce to provide strategic assistance to second-stage companies.

Hearing Date: 2/24/16

Staff: Jasmine Vasavada (786-7301).

Background:

National Center for Economic Gardening.

The National Center for Economic Gardening (NCEG), hosted by the Edward Lowe Foundation, has trademarked the term "economic gardening" to refer to an economic development strategy focused on using research and business assistance to help grow existing businesses. In contrast to relocation or startup initiatives, Economic Gardening targets second-stage companies already operating in a community. The NCEG requires that all team leaders and specialists providing Economic Gardening services must be certified by the NCEG. Specialists leverage corporate databases to assist participants in refining their core strategy, identifying market trends and potential competitors, mapping geographic areas for targeting marketing, raising visibility in search engine results and increasing web traffic, and tracking online resources to better understand competitors and customers.

Commerce Economic Gardening Pilot Program.

The Department of Commerce (Commerce) is preparing to launch a pilot Economic Gardening program. Chief executive officers of six participating businesses will spend 8 to 12 hours

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

collaborating with the NCEG-certified National Strategic Research Team. The team will spend 20 to 24 hours working on specific business issues, and then conduct a follow-up "individual engagement" with the company within four to six weeks. To participate in the program, a business must: (1) qualify as women, minority, or veteran-owned; or (2) be located in one of the following: an underserved county, a rural county, or a county affected by military downsizing. Associate development organizations, chambers of commerce, and small business development centers may identify businesses and refer businesses to the pilot program. Half of the participation fee of \$5,000 is paid by the participating business and the other half is paid by Commerce.

Small Business Assistance.

A variety of state programs provide technical assistance to small businesses. The Washington Small Business Development Center is a network of business advisors that operate from Washington State University, Western Washington University, certain community and technical colleges, and economic development agencies around the state. Commerce's State Trade & Export Promotion (STEP) Grant program, funded in part through a cooperative agreement with the U.S. Small Business Administration, helps small businesses access global markets and increase international sales of Washington-made goods and services. Commerce also administers the Washington Small Business Credit Initiative, funded by a \$19.7 million grant from the federal Small Business Jobs Act of 2010, that helps small businesses unable to obtain traditional financing. "Small business" for purposes of programs funded by the federal Small Business Administration is generally defined as 500 employees for most manufacturing and mine industries and up to \$7.5 million in average annual receipts for many nonmanufacturing industries. However, there are a number of exceptions. Under state law, "small business" is similarly defined typically by reference to a limit on annual gross revenues or on total employees. For example, under state procurement law, a small business is a company with 50 or fewer employees, gross revenues under \$7 million for the previous three consecutive years, or an enterprise certified by the Office of Minority and Women's Business Enterprises.

Summary of Bill:

An economic gardening pilot program is established in the Department of Commerce (Commerce) to provide strategic assistance services to second-stage companies. "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. "Strategic assistance" means the performance of high-level consulting or database research and analysis or the deployment of staff members certified 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. A "second-stage company" means a privately-held business that: (1) employs full-time at least six but no more than 99 persons; (2) has had a principal place of business and majority of employees in Washington for at least the previous two years; (3) claims gross revenue or working capital between \$500,000 and \$50 million; and (4) has a product or service that is, or has the potential to be, sold outside the company's local area or state.

Before January 1, 2017, Commerce and participating economic development organizations must publish criteria for selecting up to 20 second-stage companies to participate in the project.

Criteria must include job growth potential, sustainability, export potential, and a workforce comprised of at least 50 percent Washington residents. Companies seeking to participate in the pilot program must pay a one-time fee of \$750 that must be deposited in the newly created Economic Gardening Pilot Project Fund to be used for administering the pilot project. Commerce must work with chambers of commerce, associate development organizations, or other economic development organizations to implement the pilot project. Prior to the date that strategic assistance is provided, a participating economic development organization must be certified in economic gardening by a nationally-recognized certifying entity. After pilot project staff members are certified, Commerce may promote the pilot project to second-stage companies.

Before November 1, 2017, and annually through November 1, 2019, Commerce must submit a report to the economic development committees of the Legislature regarding the services provided, jobs created, and increased sales and services generated as a result of the pilot project. The pilot project terminates July 1, 2019.

Appropriation: None.

Fiscal Note: Available.

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