

SENATE BILL REPORT

ESB 6100

As Amended by House, March 3, 2016

Title: An act relating to establishing an economic gardening pilot program.

Brief Description: Establishing an economic gardening pilot program.

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

Brief History:

Committee Activity: Trade & Economic Development: 1/20/16, 1/27/16 [DP-WM].

Ways & Means: 2/02/16, 2/16/16 [DP].

Passed Senate: 2/17/16, 45-1.

Passed House: 3/03/16, 67-29.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Brown, Chair; Braun, Vice Chair; Chase, Ranking Minority Member; Angel, Ericksen and McCoy.

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Darneille, Hasegawa, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

Staff: Julie Murray (786-7711)

Background: Economic gardening programs provide strategic technical assistance to grow currently existing small- to medium-sized businesses. Examples of strategic economic gardening services include market research, website search engine optimization, developing social media strategies, and using geographic information systems. Economic gardening began in Littleton, Colorado in 1987 after the community's largest employer laid off several

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thousand workers. Rather than recruit new companies to the area, the community encouraged the growth of companies in the community. Several states operate economic gardening programs including Colorado, Michigan, Florida, and Wyoming. Recently, the Tri-City Regional Chamber in Washington entered into an economic gardening pilot program. The National Center for Economic Gardening, part of the Michigan-based Edward Lowe Foundation, partners with local organizations to assist with the pilot program.

The 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.

Summary of Engrossed Bill: An economic gardening pilot program is established in the Department of Commerce (Department) to provide strategic business assistance services to second-stage companies. Second-stage companies must employ at least six but no more than 99 persons and have annual gross revenue between \$500,000 and \$50 million. Strategic economic gardening assistance includes market research, business modeling, identifying qualified sales leads, and assisting with innovation strategies.

The Department must work with chambers of commerce, associate development organizations, or other economic development organizations to implement the pilot project. Economic development organizations participating in the pilot project must be certified in economic gardening by a nationally certified entity. The Department and participating economic development organizations must publish criteria for selecting up to 20 companies to participate in the project. 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. Before November 1, 2017 and annually through November 1, 2019, the Department 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.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Trade & Economic Development): PRO: The Senate Trade and Economic Development Committee has heard testimony today with many examples of the success of economic gardening.

OTHER: The Department of Commerce is neutral on the bill but very excited about the concept of economic gardening. The Department is closely following the economic gardening pilot project in the Tri-Cities to learn from their experiences. The Department is considering a pilot economic gardening program using associate development organizations and chambers of commerce as a service delivery model, focusing on under-served populations and businesses impacted by military downsizing.

Persons Testifying (Trade & Economic Development): PRO: Senator Chase, prime sponsor.

OTHER: Chris Green, Dept. of Commerce.

Persons Signed In To Testify But Not Testifying: No One.

Staff Summary of Public Testimony (Ways & Means): PRO: I have been working on this project for 12 years. Middle market sized businesses represent only 3 percent of all businesses, but represent one-third of all jobs. This bill is directed at growing businesses that are already grounded in the community and beyond the start-up phase. The pilot will help these businesses use technology to expand their markets. Expanding the markets of our home-grown companies will create jobs and economic growth.

OTHER: Asking for a change to strengthen the bill to be more inclusive by adding associate development organizations and other local economic development groups to the list of entities able to participate and implement the pilot project.

Persons Testifying (Ways & Means): PRO: Senator Marilyn Chase, 32nd Legislative District, Prime Sponsor.

OTHER: Austin Neilson, Tri-City Regional Chamber of Commerce.

Persons Signed In To Testify But Not Testifying: No one.

House Amendment(s): Removes the requirement that organizations participating in the pilot program must be certified in economic gardening by a nationally recognized certifying entity and provides that certification to participate may be provided by an entity with relevant expertise in providing strategic assistance to second-stage companies. Requires the Department, 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. Authorizes the Department or participating economic development organizations to contract with national specialists in the industries of the selected companies, rather than requiring trained and certified economic gardening private contractors. Removes "consulting" from the definition of "strategic assistance". Makes the bill null and void if funding for the bill is not provided in the operating budget.