

**ESSB 5677** - H COMM AMD

By Committee on Technology, Economic Development, & Veterans

**NOT ADOPTED 04/11/2025**

1 Strike everything after the enacting clause and insert the  
2 following:

3 **"Sec. 1.** RCW 43.330.082 and 2014 c 112 s 112 are each amended to  
4 read as follows:

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

30 ~~((b) In addition to the measures required in (a) of this  
31 subsection, contracting associate development organizations in  
32 counties with a population greater than one million five hundred~~

1 ~~thousand persons must include the following measures in reports to~~  
2 ~~the department:~~

3 ~~(i) The number of small businesses that received retention and~~  
4 ~~expansion services, and the outcome of those services;~~

5 ~~(ii) The number of businesses located outside of the boundaries~~  
6 ~~of the largest city within the contracting associate development~~  
7 ~~organization's region that received recruitment, retention, and~~  
8 ~~expansion services, and the outcome of those services.)~~

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

13 (b) Contracting organizations that fail to achieve the agreed  
14 performance targets in more than one-half of the agreed measures must  
15 develop remediation plans to address performance gaps. The  
16 remediation plans must include revised performance thresholds  
17 specifically chosen to provide evidence of progress in making the  
18 identified service changes.

19 (c) Contracts and state funding must be terminated for one year  
20 for organizations that fail to achieve the agreed upon progress  
21 toward improved performance defined under (b) of this subsection.  
22 During the year in which termination for nonperformance is in effect,  
23 organizations must review alternative delivery strategies to include  
24 reorganization of the contracting organization, merging of previous  
25 efforts with existing regional partners, and other specific steps  
26 toward improved performance. At the end of the period of termination,  
27 the department may contract with the associate development  
28 organization or its successor as it deems appropriate.

29 (3) The department must submit a final report to the appropriate  
30 committees of the legislature by December 31st of each even-numbered  
31 year on the performance results of the contracts with associate  
32 development organizations.

33 **Sec. 2.** RCW 43.330.086 and 2008 c 131 s 3 are each amended to  
34 read as follows:

35 (1) To the extent that funds are specifically appropriated  
36 therefor, contracts with associate development organizations for the  
37 provision of services under RCW 43.330.080(1) (b) (i) shall be awarded  
38 according to the following annual schedule:

1       ~~((1))~~ (a) For associate development associations serving urban  
2 counties, which are counties other than rural counties as defined in  
3 RCW 82.14.370, a locally matched allocation of up to ninety cents per  
4 capita, totaling no more than three hundred thousand dollars per  
5 organization; and

6       ~~((2))~~ (b) For associate development associations in rural  
7 counties, as defined in RCW 82.14.370, a per county base allocation  
8 of up to forty thousand dollars and a locally matched allocation of  
9 up to ninety cents per capita.

10       (2) The matched allocation may be provided through cash, in-kind,  
11 or a combination, with the in-kind match limited to 25 percent of the  
12 local match.

13       **Sec. 3.** RCW 43.330.086 and 2025 c . . . s 2 (section 2 of this  
14 act) are each amended to read as follows:

15       (1) To the extent that funds are specifically appropriated  
16 therefor, contracts with associate development organizations for the  
17 provision of services under RCW 43.330.080(1)(b)(i) shall be awarded  
18 according to the following annual schedule:

19       (a) For associate development associations serving urban  
20 counties, which are counties other than rural counties as defined in  
21 RCW 82.14.370, a ~~((locally matched allocation of up to ninety cents~~  
22 ~~per capita,)) per county allocation totaling ~~((no more than three~~  
23 ~~hundred thousand dollars)) at least \$300,000 per organization and a  
24 matched allocation; and~~~~

25       (b) For associate development associations in rural counties, as  
26 defined in RCW 82.14.370, a per county base allocation of ~~((up to~~  
27 ~~forty thousand dollars)) at least \$40,000 and a ~~((locally))~~ matched  
28 allocation ~~((of up to ninety cents per capita)).~~~~

29       (2) The matched allocation may be provided through cash, in-kind,  
30 or a combination, with the in-kind match limited to 25 percent of the  
31 local match.

32       NEW SECTION.   **Sec. 4.** If specific funding for the purposes of  
33 section 3 of this act, referencing section 3 of this act by bill or  
34 chapter number and section number, is not provided by June 30, 2025,  
35 in the omnibus appropriations act, section 3 of this act is null and  
36 void."

37       Correct the title.

EFFECT: • Removes requirement that associate development organizations include demographic information in annual reports to the Department of Commerce.

• Requires the Department of Commerce to allocate a minimum amount of \$300,000 per organization to urban counties.

• Requires the Department of Commerce to allocate a minimum amount of \$40,000 per county to rural counties, and removes maximum amount of \$150,000.

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