

HOUSE BILL REPORT

HB 1595

As Reported by House Committee On:
Technology, Economic Development, & Veterans

Title: An act relating to a five-year statewide economic development plan.

Brief Description: Creating a five-year statewide economic development plan.

Sponsors: Representatives Ryu, Volz, Eslick, Reeves, Shavers, Zahn, Pollet, Reed, Nance, Kloba and Barnard.

Brief History:

Committee Activity:

Technology, Economic Development, & Veterans: 2/4/25, 2/14/25 [DPS].

Brief Summary of Substitute Bill

- Requires the Department of Commerce (Commerce) to prepare a five-year statewide economic development proposal beginning in November 2025, implementing legislation by June 2026, and a progress report by November 2027, and continuing every five years thereafter.
- Creates a 16-member advisory committee to provide guidance to Commerce on the economic development plan, hold public meetings, and recommend implementation and legislation.
- Requires Commerce to consult with a state agency, office, and commissions for feedback on the plan.

HOUSE COMMITTEE ON TECHNOLOGY, ECONOMIC DEVELOPMENT, & VETERANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Ryu, Chair; Kloba, Vice Chair; Barnard, Ranking Minority Member; Donaghy, Keaton, Paul, Penner, Shavers, Simmons, Thomas and

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

Waters.

Staff: Martha Wehling (786-7067).

Background:

The Department of Commerce (Commerce) is responsible for promoting community and economic development and assisting the state's businesses to maintain and increase their economic competitiveness. To meet these responsibilities, Commerce is required to provide advisory assistance to the Governor, other state agencies, and the Legislature on community and economic development issues; cooperate with the Governor and the Legislature in developing and implementing strategic plans for community and economic development efforts; and hold public meetings.

In 2024 the Legislature enacted the Nothing About Us Without Us Act which requires that temporary entities created by the Legislature to examine certain issues include three individuals in the entity's membership. The temporary entity is required to submit a report to the Office of Equity on the same date that the entity's final report is due to the Legislature.

Summary of Substitute Bill:

Advisory Committee.

Beginning in 2025, the Department of Commerce (Commerce) is required to form and provide staff to a 16-member advisory committee. The advisory committee is directed to provide guidance to Commerce on priorities and recommendations for a five-year statewide economic development plan (Plan). The advisory committee must include:

- one representative from Commerce's Office of Economic Development and Competitiveness, who will serve as chair;
- two representatives;
- two senators;
- one representative from the Governor's Office;
- the Workforce Training and Education Coordinating Board Director or designee;
- the Department of Ecology's Director or designee; and
- eight representatives appointed by the Director, representing: an associate development organization, port, labor council, industry associations representing key economic sectors, research institution, Commerce's Office of Tribal Relations, and Commerce's Small Business Resiliency Network.

The advisory committee members may be reimbursed for travel expenses, will serve two-year terms, and may be reappointed in the subsequent five-year Plan development. The Director of the Department of Commerce may expand the advisory committee to add representatives for emerging or rapidly growing economic sectors. The advisory committee

is required to meet at least three times in 2025 and quarterly for the development of subsequent Plans. The advisory committee is required to hold at least four public meetings in different regions of the state for input on the Plan priorities and recommendations.

In addition, the advisory committee is required to advise Commerce on implementation of the Plan and review and provide guidance on legislation to implement the Plan.

Department of Commerce.

The Department of Commerce is required to seek feedback on the criteria and content of the Plan prior to the advisory committee's third meeting from:

- State Commission on Hispanic Affairs;
- Commission on African American Affairs;
- State Commission on Asian Pacific American Affairs;
- Women's Commission;
- Office of Minority and Women's Business Enterprises; and
- Employment Security Department.

The Department of Commerce is required to develop a proposal for the Plan using the advisory committee's guidance and recommendations, public input from the advisory committee's public meetings, and the feedback from consultation with the state commissions and agencies. The proposal is required to include long-term goals and measurable benchmarks.

The first proposal should be provided to the Legislature and Governor's Office by November 30, 2025. The Department of Commerce is required to provide any recommended legislation to implement the Plan by June 30, 2026. The Department of Commerce is also required to provide a progress report on the Plan's implementation by November 30, 2027. Updated proposals, legislation, and progress reports should be submitted every five years thereafter.

The Department of Commerce is required to comply with the requirement for membership with lived experience when making the appointments to the advisory committee. The Department of Commerce is required to report to the Office of Equity regarding the advisory committee's purpose and the underrepresented population directly and tangibly impacted by the advisory committee's work.

Substitute Bill Compared to Original Bill:

The substitute bill modifies the membership of the advisory committee by:

- adding an additional member for industry associations;
- identifying the key economic sectors as retail, technology, manufacturing, agriculture, and hospitality and tourism; and
- allowing the Director of the Department of Commerce to add additional members to the advisory committee for emerging or rapidly growing economic sectors.

The substitute bill requires the Department of Commerce to comply with the Nothing About Us Without Us Act in selecting members for the advisory committee and submitting a report to the Office of Equity. The substitute bill removes the requirement that the advisory committee hold an economic development summit.

Appropriation: None.

Fiscal Note: Requested on February 14, 2025.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on May 5, 2025.

Staff Summary of Public Testimony:

(In support) The Department of Commerce does not have a comprehensive statewide plan, and this creates a plan to plan which takes a critical step in addressing forward-looking economic strategy. Retail is the second largest employer in the state, providing 400,000 jobs and generating hundreds of billions of dollars in annual sales tax revenue that funds essential public services. Retail challenges include organized retail crime, supply chain disruptions, workforce shortages, and evolving consumer behavior. A proactive statewide plan will protect jobs, keep businesses open, and foster healthy commerce in Washington.

(Opposed) None.

(Other) The Department of Commerce is a one-stop-shop for small business support, international trade, and economic development. The Department of Commerce provides training, grants, and consulting services to keep jobs growing and companies succeeding. In economic development, Washington has innovative, high-growth industries like aerospace, artificial intelligence, quantum, clean energy, and life sciences; a skilled and resilient work force; and economic development partners across the state at associate development organizations, ports, chambers of commerce, industry associations, workforce organizations, and world-class research institutions. A coordinated statewide economic development plan will ensure that we leverage our strengths to power the economy.

Persons Testifying: (In support) Representative Cindy Ryu, prime sponsor; and Crystal Leatherman, Washington Retail Association.

(Other) Grace Yoo, Washington State Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.