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ENGROSSED SUBSTITUTE SENATE BILL 5677

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State of Washington

69th Legislature

2025 Regular Session

**By** Senate Business, Financial Services & Trade (originally sponsored by Senators Cortes, Frame, Riccelli, and Schoesler)

READ FIRST TIME 02/20/25.

1 AN ACT Relating to associate development organizations; and  
2 amending RCW 43.330.082 and 43.330.086.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

6 (1) ~~((a))~~ Contracting associate development organizations must  
7 provide the department with measures of their performance and a  
8 summary of best practices shared and implemented by the contracting  
9 organizations. Annual reports must include the following information  
10 to show the contracting organization's impact on employment and  
11 overall changes in employment: Current employment and economic  
12 information for the community or regional area produced by the  
13 employment security department; the net change from the previous  
14 year's employment and economic information using data produced by the  
15 employment security department; other relevant information on the  
16 community or regional area; the amount of funds received by the  
17 contracting organization through its contract with the department;  
18 the amount of funds received by the contracting organization through  
19 all sources; demographic information that meet the standards for  
20 maintaining, collecting, and presenting federal data on race and  
21 ethnicity as described by the office of management and budget,

1 statistical policy directive No. 15 as published on March 29, 2024,  
2 that provide common language for uniformity and comparability in the  
3 collection and use of race and ethnicity data; and the contracting  
4 organization's impact on employment through all funding sources.  
5 Annual reports may include the impact of the contracting organization  
6 on wages, exports, tax revenue, small business creation, foreign  
7 direct investment, business relocations, expansions, terminations,  
8 and capital investment. Data must be input into a common web-based  
9 business information system managed by the department. Specific  
10 measures, data standards, and data definitions must be developed in  
11 the contracting process between the department and the contracting  
12 organization every two years. (~~Except as provided in (b) of this~~  
13 ~~subsection, performance)) Performance measures should be consistent  
14 across regions to allow for statewide evaluation.~~

15 (~~(b) In addition to the measures required in (a) of this~~  
16 ~~subsection, contracting associate development organizations in~~  
17 ~~counties with a population greater than one million five hundred~~  
18 ~~thousand persons must include the following measures in reports to~~  
19 ~~the department:~~

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

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

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

30 (b) Contracting organizations that fail to achieve the agreed  
31 performance targets in more than one-half of the agreed measures must  
32 develop remediation plans to address performance gaps. The  
33 remediation plans must include revised performance thresholds  
34 specifically chosen to provide evidence of progress in making the  
35 identified service changes.

36 (c) Contracts and state funding must be terminated for one year  
37 for organizations that fail to achieve the agreed upon progress  
38 toward improved performance defined under (b) of this subsection.  
39 During the year in which termination for nonperformance is in effect,  
40 organizations must review alternative delivery strategies to include

1 reorganization of the contracting organization, merging of previous  
2 efforts with existing regional partners, and other specific steps  
3 toward improved performance. At the end of the period of termination,  
4 the department may contract with the associate development  
5 organization or its successor as it deems appropriate.

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

10 (4) The department and contracting associate development  
11 organizations may consult with state ethnic commissions as defined in  
12 RCW 44.28.005 and the governor's office of Indian affairs for  
13 technical assistance on complying with the standards for maintaining,  
14 collecting, and presenting federal data on race and ethnicity as  
15 described by the office of management and budget, statistical policy  
16 directive No. 15 as published on March 29, 2024, that provide common  
17 language for uniformity and comparability in the collection and use  
18 of race and ethnicity data.

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

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

25 ~~((1))~~ (a) For associate development associations serving urban  
26 counties, which are counties other than rural counties as defined in  
27 RCW 82.14.370, a ~~((locally matched allocation of up to ninety cents~~  
28 ~~per capita,))~~ per county allocation totaling no more than ~~((three~~  
29 ~~hundred thousand dollars))~~ \$500,000 per organization and a matched  
30 allocation; and

31 ~~((2))~~ (b) For associate development associations in rural  
32 counties, as defined in RCW 82.14.370, a per county base allocation  
33 of ~~((up to forty thousand dollars))~~ at least \$85,000 and up to  
34 \$150,000 and a ~~((locally))~~ matched allocation ~~((of up to ninety cents~~  
35 ~~per capita)).~~

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

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