
SUBSTITUTE SENATE BILL 5677

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 an annual report with measures of their
8 performance and ~~((a summary of best practices shared and implemented
9 by the contracting organizations))~~ commitment to inclusive economic
10 development that addresses equity gaps in the communities that the
11 contracting associate development organizations serve.

12 (2) Annual reports must include the following information to show
13 the contracting organization's impact on employment and overall
14 changes in employment:

15 (a) Current employment and economic information for the community
16 or regional area produced by the employment security department;
17 ~~((the))~~

18 (b) The net change from the previous year's employment and
19 economic information using data produced by the employment security
20 department; ~~((other))~~

1 (c) Other relevant information on the community or regional area;
2 (~~the~~)

3 (d) The amount of funds received by the contracting organization
4 through its contract with the department; (~~the~~)

5 (e) The amount of funds received by the contracting organization
6 through all sources; (~~and the~~)

7 (f) The contracting organization's impact on employment through
8 all funding sources; and

9 (g) Demographic information that meet the standards for
10 maintaining, collecting, and presenting federal data on race and
11 ethnicity as described by the office of management and budget,
12 statistical policy directive No. 15 as published on March 29, 2024,
13 that provide common language for uniformity and comparability in the
14 collection and use of race and ethnicity data. The data collected
15 must contain disaggregated data of sufficient subcategories within
16 the minimum categories for data on race and ethnicity for federal
17 statistics, program reporting, and civil rights compliance in order
18 to facilitate a meaningful analysis of persons receiving direct
19 assistance from contracting associate development organizations. Any
20 disaggregated data collected must be organized in such a way that the
21 additional demographic information can be aggregated into the minimum
22 federal categories for race and ethnicity. Information shall include,
23 but not be limited to:

24 (i) The percentage of the number of awards provided to women and
25 minority-owned businesses, including disaggregated demographic data;
26 and

27 (ii) The percentage of funds awarded to women and minority-owned
28 businesses, including disaggregated demographic data.

29 (3)(a) Annual reports may include the impact of the contracting
30 organization on wages, exports, tax revenue, small business creation,
31 foreign direct investment, business relocations, expansions,
32 terminations, and capital investment. Data must be input into a
33 common web-based business information system managed by the
34 department. Specific measures, data standards, and data definitions
35 must be developed in the contracting process between the department
36 and the contracting organization every two years. Except as provided
37 in (b) of this subsection, performance measures should be consistent
38 across regions to allow for statewide evaluation.

39 (b) In addition to the measures required in subsections (1) and
40 (2) of this section and (a) of this subsection, contracting associate

1 development organizations in counties with a population greater than
2 one million five hundred thousand persons must include the following
3 measures in reports to the department:

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

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

10 ~~((2))~~ (4) (a) The department and contracting associate
11 development organizations must agree upon specific target levels for
12 the performance measures in subsections (1) through (3) of this
13 section. Comparison of agreed thresholds and actual performance must
14 occur annually.

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

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

31 ~~((3))~~ (5) The department must submit a final report to the
32 legislature by December 31st of each even-numbered year on the
33 performance results ~~((of the contracts with))~~ from contracting
34 associate development organizations required by subsections (2) and
35 (3) of this section.

36 (6) The department and contracting associate development
37 organizations may consult with state ethnic commissions as defined in
38 RCW 44.28.005 and the governor's office of Indian affairs for
39 technical assistance on complying with the standards for maintaining,
40 collecting, and presenting federal data on race and ethnicity as

1 described by the office of management and budget, statistical policy
2 directive No. 15 as published on March 29, 2024, that provide common
3 language for uniformity and comparability in the collection and use
4 of race and ethnicity data.

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

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

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

17 ~~((2))~~ (b) For associate development associations in rural
18 counties, as defined in RCW 82.14.370, a per county base allocation
19 of ~~((up to forty thousand dollars))~~ at least \$85,000 and up to
20 \$150,000 and a ~~((locally))~~ matched allocation ~~((of up to ninety cents~~
21 ~~per capita))~~.

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

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