CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 5677

Chapter 392, Laws of 2025

69th Legislature
2025 Regular Session

ASSOCIATE DEVELOPMENT ORGANIZATIONS—REPORTING AND ALLOCATIONS

EFFECTIVE DATE: July 27, 2025

Passed by the Senate April 21, 2025
Yeas 38 Nays 10

JOHN LOVICK

President of the Senate

Passed by the House April 11, 2025
Yeas 95 Nays 0

LAURIE JINKINS

Speaker of the House of Representatives

Approved May 20, 2025 10:59 AM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5677** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

May 21, 2025

Secretary of State
State of Washington

ENGROSSED SUBSTITUTE SENATE BILL 5677

AS AMENDED BY THE HOUSE

Passed Legislature - 2025 Regular Session

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.

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

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

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

(1)((~~(a)~~)) Contracting associate development organizations must provide the department with measures of their performance and a summary of best practices shared and implemented by the contracting organizations. Annual reports must include the following information to show the contracting organization's impact on employment and overall changes in employment: Current employment and economic information for the community or regional area produced by the employment security department; the net change from the previous year's employment and economic information using data produced by the employment security department; other relevant information on the community or regional area; the amount of funds received by the contracting organization through its contract with the department; the amount of funds received by the contracting organization through all sources; and the contracting organization's impact on employment through all funding sources. Annual reports may include the impact of the contracting organization on wages, exports, tax revenue, small

business creation, foreign direct investment, business relocations, expansions, terminations, and capital investment. Data must be input into a common web-based business information system managed by the department. Specific measures, data standards, and data definitions must be developed in the contracting process between the department and the contracting organization every two years. ((~~Except as provided in (b) of this subsection, performance~~)) Performance measures should be consistent across regions to allow for statewide evaluation.

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

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

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

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

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

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

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

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

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

(1) For associate development ((~~associations~~)) organizations serving urban counties, which are counties other than rural counties as defined in RCW 82.14.370, a locally matched allocation of up to ((~~ninety~~)) 90 cents per capita, totaling no more than ((~~three hundred thousand dollars~~)) $300,000 per organization; and

(2) For associate development ((~~associations~~)) organizations in rural counties, as defined in RCW 82.14.370, a per county base allocation of ((~~up to forty thousand dollars~~)) $40,000 and a locally matched allocation of up to ((~~ninety~~)) 90 cents per capita.

(3) The locally matched allocation shall not include general fund state, but may include a combination of nonstate funds, cash, or in-kind contributions.

Passed by the Senate April 21, 2025.
Passed by the House April 11, 2025.
Approved by the Governor May 20, 2025.
Filed in Office of Secretary of State May 21, 2025.

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