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## Community & Economic Development & Trade Committee

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### HB 1131

**Brief Description:** Concerning the Washington state economic development commission.

**Sponsors:** Representatives Kenney, Pettigrew, Haler, Ericks, Bailey, Lias, Hasegawa, Hudgins, Darneille, Chase, Dunshee, Kelley, Sullivan and Nelson.

#### Brief Summary of Bill

- Clarifies the Economic Development Commission's purpose.
- Modifies administrative provisions related to Commission quorums, chair and director appointments, member terms and travel, and fiscal authority.
- Creates the Economic Development Commission Fund in the State Treasury.

**Hearing Date:** 1/26/09

**Staff:** Meg Van Schoorl (786-7105)

#### **Background:**

In 2002 Governor Locke created the Washington Economic Development Commission (Commission) through executive order as a means for business and labor leaders to assist in the improvement and development of the state's economy. In 2003 the Legislature established the Commission in statute as an advisory body to the Department of Community, Trade and Economic Development (DCTED). In 2007 the Legislature made significant revisions to the structure, policy role and responsibilities of the Commission through passage of Second Substitute Senate Bill 5995.

#### Current Commission Structure

The Commission is an independent state body with 11 voting members appointed by the Governor for three year terms. Voting members include: six members from the private sector;

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one from labor; one from port districts; one from state public higher education; one from state community or technical colleges; and one from associate development organizations. Non-voting, ex officio members include the Director of the DCTED, the Director of the Workforce Training and Education Coordinating Board, the Commissioner of the Employment Security Department, and the chairs and ranking minority members of the standing economic development committees of the State House of Representatives and the Senate. The chair of the Commission is a voting member selected by the Governor with the consent of the Senate. The executive director is appointed by the Governor with the consent of the voting members of the Commission. The executive director may appoint additional staff with the Commission's consent, employ outside consultants when appropriate, and use staff of existing operating agencies.

### Current Commission Duties

The Commission is established to oversee the economic development strategies and policies of the DCTED. The Commission must:

- Concentrate its major efforts on planning, coordination, evaluation, policy analysis, and recommending improvements to the state's economic development system;
- Develop and maintain on a biennial basis a state comprehensive plan for economic development; identify the elements local associate development organizations must include in their countywide economic development plans; and review the state system for consistency with the state comprehensive plan;
- Establish and maintain an inventory of programs of the state economic development system and related state programs; perform a biennial assessment of the ongoing and strategic economic development needs of the state; and assess the extent to which the system and its programs are a consistent and efficient approach to meet the state's needs;
- Beginning no later than January 1, 2012, periodically administer scientifically-based outcome evaluations of the state economic development system;
- Report to the Legislature and the Governor on the appropriate state role in economic development and the appropriate administrative regional structure for the provision of economic development services; and,
- Produce a biennial report to the Governor and the Legislature on its progress coordinating the state's economic development system and meeting their other obligations and duties. The report may include any recommendations for statutory changes necessary to enhance the operational efficiencies and improve coordination.

In addition, the Commission, may, subject to available funding, perform other duties:

- Periodically review the policies and plans established for business and technical assistance, export assistance, and infrastructure development;

- Review and make recommendations to the Office of Financial Management (OFM) and the Legislature on budget requests and legislative proposals relating to the state economic development system;
- Provide for coordination among the different agencies, organizations and components of the state economic development system at the state and regional levels;
- Advocate for the state economic development system and for meeting the needs of industry associations, industry clusters, businesses, and employees.
- By January 1, 2011, identify partners and create a plan to develop a consistent and reliable database on participation rates, costs, program activities, and outcomes from publicly-funded economic development programs in the state; and,
- Evaluate proposals and make recommendations for expenditures from the Economic Development Strategic Reserve Account.

**Summary of Bill:**

The Commission is established not to oversee the DCTED strategies and policies, but to provide the Governor and Legislature with policy analysis, strategic planning, program evaluation and monitoring of the state's economic development system.

The Commission is required to consult, collaborate, and coordinate with other agencies to avoid duplication of effort.

The Commission must not operate programs.

The Commission's chair continues to be selected by the Governor but Senate confirmation is not required. Members are limited to two full consecutive terms, with vacancies filled in the same manner as the original appointment. A majority of members currently appointed constitutes a quorum. Commission's members are eligible for travel reimbursement.

The Commission's executive director is appointed by the Governor based upon recommendations made by the Commission's voting members, but the Commission's consent is not required. The Governor sets the executive director's salary.

The Commission is authorized to accept gifts, grants, contributions from external sources and to expend the funds for purposes consistent with the statute. The Economic Development Commission fund is created in the State Treasury. Money can only be spent after appropriation and for purposes related to the state's economic development.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.