

ESB 6100 - H COMM AMD

By Committee on General Government & Information Technology

ADOPTED 03/03/2016

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) Washington's unemployment rate during the recent recession  
5 created economic and social hardships for the people of the state;

6 (b) Local start-up companies and small businesses are likely, as  
7 they grow, to remain in their communities of origin, thereby creating  
8 local jobs and an economic multiplier effect with their payrolls and  
9 taxes while providing local economic stimuli, which increases the  
10 local tax base;

11 (c) Statewide economic prosperity and job creation are advanced  
12 significantly by creating, promoting, and retaining local start-up  
13 companies and small businesses with high growth potential;

14 (d) Entrepreneurs and small business owners of second-stage  
15 companies, which are those companies that are beyond the start-up  
16 stage but have not yet fully matured, with innovative products or  
17 services that satisfy market needs, have particular potential for  
18 expansion and job creation;

19 (e) Such entrepreneurs and owners can benefit from specialized  
20 business assistance to refine core strategies and from access to in-  
21 depth market research, competitor analyses, geographic information  
22 systems, search engine optimization, and other strategic information,  
23 as well as from relationships with mentors and advisers;

24 (f) The aspects of economic gardening that incorporate these  
25 principles have proven successful in improving the entrepreneurial  
26 process and promoting economically sustainable local businesses; and

27 (g) It is important to the overall health and growth of the  
28 state's economy to promote favorable conditions for those expanding  
29 Washington businesses that demonstrate the ability to grow.

30 (2) In recognition of the foregoing findings and principles, it  
31 is the intent of the legislature to create a Washington economic  
32 gardening pilot project in the department of commerce.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 43.31  
2    RCW to read as follows:

3        (1) There is hereby created within the department the economic  
4    gardening pilot project. The purpose of the pilot project is to  
5    stimulate Washington's economy and create good-paying, sustainable  
6    jobs by providing economic gardening strategic assistance services to  
7    second-stage companies in accordance with this section.

8        (2) The department must oversee and direct all resources for the  
9    execution of the pilot project. The department must work with  
10   chambers of commerce, associate development organizations, and other  
11   economic development organizations to implement the pilot project.  
12   The pilot project includes developing the processes for qualifying  
13   and selecting second-stage companies, identifying training components  
14   for economic development organizations implementing the pilot  
15   project, engaging private contractors as necessary to obtain  
16   strategic assistance from nationally recognized industry experts, and  
17   providing economic gardening strategic assistance to companies  
18   participating in the pilot project.

19        (3)(a) On or before January 1, 2017, the department must initiate  
20   a program to provide or obtain all necessary credentials for high-  
21   impact strategic assistance for the economic development  
22   organizations participating in the pilot project.

23        (b) Economic development organizations participating in the pilot  
24   project must be certified in economic gardening by an entity with  
25   relevant expertise in providing strategic assistance to second-stage  
26   companies.

27        (i) Prior to December 1, 2016, the department must issue a  
28   request for expression of interest in offering an economic gardening  
29   strategic assistance program. The department must compile a list of  
30   interested parties identified through the request for expression of  
31   interest process.

32        (ii) By December 1, 2016, the department must provide the list to  
33   the legislature. The department must select from the list of  
34   interested parties the entity it deems best able to deliver the  
35   training and strategic assistance services to second-stage companies  
36   described in this section and achieve the deliverables identified in  
37   subsection (6) of this section.

38        (c) The department or economic development organizations  
39   participating in the pilot project may, as necessary, contract with

1 national specialists in the industries of the second-stage companies  
2 selected for the pilot program.

3 (d) The department must use the existing infrastructure of  
4 economic development organizations in the state to promote the pilot  
5 project to second-stage companies and to those clients and referrals  
6 that show growth potential in jobs, sales, or export potential.

7 (4)(a) On or before January 1, 2017, the department and  
8 participating economic development organizations must publish  
9 criteria for a second-stage company to be selected to participate in  
10 the pilot project. The criteria must include job growth potential,  
11 sustainability, export potential, and a workforce comprised of at  
12 least fifty percent Washington residents. Application criteria must  
13 also include requirements for data collection, as specified by the  
14 department, to show the impacts of services provided through the  
15 pilot project. The department and participating economic development  
16 organizations must utilize existing strategic infrastructure and  
17 consult with local and regional economic development partners, such  
18 as chambers of commerce, associate development organizations, and  
19 other local or regional economic development entities, to identify  
20 eligible second-stage companies.

21 (b) In order to participate in the pilot project, a company  
22 selected for participation must pay a one-time fee of seven hundred  
23 fifty dollars, which moneys must be deposited into the economic  
24 gardening pilot project fund, created in subsection (5) of this  
25 section, for reinvestment in the pilot project.

26 (c) On or before March 1, 2017, the department and participating  
27 economic development organizations must select a minimum of twenty  
28 companies to participate in the pilot project.

29 (d) The department must oversee staff members certified pursuant  
30 to subsection (3)(b) of this section and private contractors selected  
31 pursuant to subsection (3)(c) of this section to deploy strategic  
32 assistance to all pilot project participants. The department and  
33 participating economic development organizations must acquire any  
34 tools necessary to provide the strategic assistance, including  
35 database licenses, permits, and economic gardening certification.

36 (e) A participating company has twelve months from the date that  
37 the department and participating economic development organizations  
38 select the company to participate in the pilot project to use the  
39 strategic assistance and other economic gardening services offered  
40 pursuant to the pilot project.

1 (5) There is hereby created in the state treasury the economic  
2 gardening pilot project fund, to be administered by the department.  
3 The fund consists of all fees received under subsection (4)(b) of  
4 this section and any moneys appropriated by the legislature for the  
5 purposes of this section. The legislature must make annual  
6 appropriations of the moneys in the fund to the department for  
7 administering the pilot project. Any moneys in the fund not  
8 appropriated must remain in the fund and may not be transferred or  
9 revert to the general fund at the end of any fiscal year.

10 (6) On or before November 1, 2017, and on or before November 1st  
11 each year thereafter through November 1, 2019, and in compliance with  
12 RCW 43.01.036 the department must submit a report to the economic  
13 development and workforce development committees of the legislature.  
14 The report must include, at a minimum:

15 (a) The services offered through the pilot project's strategic  
16 assistance;

17 (b) The department's expenditures on strategic assistance  
18 provided to pilot project participants;

19 (c) The number and types of jobs created as a result of the pilot  
20 project;

21 (d) The increased sales as a result of the pilot project; and

22 (e) The value of goods or services sold outside the company's  
23 local area or state.

24 (7) The definitions in this subsection apply throughout this  
25 section unless the context clearly requires otherwise.

26 (a) "Department" means the department of commerce.

27 (b) "Economic gardening" means an approach to economic growth and  
28 development that emphasizes nurturing and cultivating local small  
29 businesses by providing strategic assistance to second-stage  
30 companies.

31 (c) "Key industry" means an industry critical to the Washington  
32 economy, as identified by the department.

33 (d) "Pilot project" means the economic gardening pilot project  
34 created in this section.

35 (e) "Second-stage company" means a privately held business that:

36 (i) Employs full-time at least six persons but not more than  
37 ninety-nine persons;

38 (ii) Has maintained its principal place of business and a  
39 majority of its employees in Washington for at least the previous two  
40 years;

1 (iii) Claims at least five hundred thousand dollars but not more  
2 than fifty million dollars as annual gross revenue or working  
3 capital; and

4 (iv) Has a product or service that is, or has the potential to  
5 be, sold outside the company's local area or state.

6 (f) "Strategic assistance" or "economic gardening strategic  
7 assistance" means performing high-level database research and  
8 analysis or deploying staff members certified under subsection (4) of  
9 this section or possessing national expertise in the relevant  
10 industry to perform market research, develop core strategies, conduct  
11 business modeling, identify qualified sales leads, provide growth  
12 financing referrals, perform search engine optimization, utilize  
13 geographic information systems, advise on new media marketing, or  
14 assist with network analyses and innovation strategies.

15 (8) The pilot project created in this section terminates July 1,  
16 2019.

17 (9) This section expires July 1, 2020.

18 NEW SECTION. **Sec. 3.** If specific funding for the purposes of  
19 this act, referencing this act by bill or chapter number, is not  
20 provided by June 30, 2016, in the omnibus appropriations act, this  
21 act is null and void."

22 Correct the title.

EFFECT: Makes the following changes to the economic gardening  
pilot project within the Department of Commerce (Commerce):

(1) Provides that certification to participate may be provided by  
an entity with relevant expertise in providing strategic assistance  
to second-stage companies, rather than requiring certification to be  
provided by a nationally recognized certifying entity;

(2) Requires Commerce, before December 1, 2016, to issue a  
request for expression of interest, compile a list of interested  
parties, deliver the list to the legislature, and select from the  
list the entity it deems best able to deliver training and strategic  
assistance services to second-stage companies and achieve  
deliverables, including promoting job creation, increased sales, and  
increased value of goods or services exported;

(3) Authorizes Commerce or participating economic development  
organizations (EDOs) to contract with national specialists in the  
industries of the selected companies, rather than requiring Commerce  
and EDOs to contract with trained and certified economic gardening  
private contractors;

(4) Removes "consulting" from the definition of "strategic  
assistance"; and

(5) Makes the bill null and void if funding for the bill is not provided in the operating budget.

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