

# HOUSE BILL REPORT

## 2SSB 5715

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As Reported By House Committee On:  
Trade, Economic Development & Housing

**Title:** An act relating to networks for assisting businesses.

**Brief Description:** Assisting businesses to form flexible networks.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Bluechel, Skratek, Erwin, Sheldon, Deccio, M. Rasmussen and Williams).

**Brief History:**

Reported by House Committee on:  
Trade, Economic Development & Housing, April 2, 1993,  
DPA.

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### HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

**Majority Report:** Do pass as amended. Signed by 10 members: Representatives Wineberry, Chair; Shin, Vice Chair; Campbell; Conway; Morris; Schoesler; Sheldon; Springer; Valle; and Wood.

**Staff:** Charlie Gavigan (786-7340).

**Background:** Flexible networks are groups of two or more firms that work together to accomplish commonly needed tasks, solve common problems, or exploit common opportunities. Typically, these are activities that network members could not do independently.

**Summary of Amended Bill:** The Department of Trade and Economic Development is directed to work with the Department of Community Development to develop a flexible network training program. A broker training handbook may be developed. The department is also directed to develop appropriate measures to promote flexible networks and establish a flexible network resource center.

The department is directed to provide direct assistance to firms and economic development organizations interested in forming flexible networks. The department shall award grants to economic development organization of up to \$75,000 for flexible network development activities and grants of up to \$25,000 for specific flexible network projects. Federal

funds are to be used to provide grants up to \$25,000 to firms for specific flexible network projects. The department is also directed to solicit nonstate funds for flexible network assistance. The department must provide outreach services to minority and women-owned businesses to involve them in flexible networks.

A null and void clause makes the act contingent upon funding added in the 1993-95 biennial budget.

**Amended Bill Compared to Second Substitute Bill:** A provision is added requiring the department to provide outreach services to minority and women-owned businesses to involve them in flexible networks.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed. However, the bill is null and void if not funded in the budget.

**Testimony For:** Flexible networks can make businesses in the same sector more competitive by enabling them to do jointly what they cannot do individually. Flexible networks have been very successful in Europe, and early attempts in the United States have also proved successful. The state can help get these networks started, and they then are operated by the networks themselves.

**Testimony Against:** None.

**Witnesses:** Senator Alan Bluechel, prime sponsor (supports); Julie Burman, Clean Washington Center (supports); and Paul Knox, Department of Community Development (supports).