

SENATE BILL REPORT

SB 5715

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 8, 1993

Brief Description: Assisting businesses to form flexible networks.

SPONSORS: Senators Bluechel, Skratek, Erwin, Sheldon, Deccio, M. Rasmussen and Williams

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5715 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Deccio, Erwin, M. Rasmussen, and Williams.

Staff: Midori Okazaki (786-7444)

Hearing Dates: February 12, 1993; February 23, 1993

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5715 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Anderson, Bauer, Bluechel, Cantu, Gaspard, Hargrove, Hochstatter, Jesernig, McDonald, Moyer, Niemi, Owen, Pelz, L. Smith, Snyder, Sutherland, West, Williams, and Wojahn.

Staff: Martin Chaw (786-7715)

Hearing Dates: March 4, 1993; March 8, 1993

BACKGROUND:

Flexible networks are groups of two or more firms which work together to accomplish commonly needed tasks, solve common problems, or exploit common opportunities, activities which network members could not pursue independently. Networks also allow state economic development services, often fragmented and general, to be delivered to an entire group of firms with similar needs. Many obstacles to the development of flexible networks exist, including the lack of cooperative tradition among firms and a lack of awareness of the benefits flexible networks offer. The sustainability of flexible networks requires commitment from the member firms, but state assistance, both technical and financial, is often crucial in overcoming the obstacles to the initial formation of flexible networks.

SUMMARY:

The Department of Trade and Economic Development is directed to develop a flexible network training program which shall be open to public and private sector participants.

The department is also directed to develop appropriate measures to promote flexible networks and establish a flexible network resource center.

The department shall also provide direct assistance to firms and economic development organizations interested in forming flexible networks.

EFFECT OF PROPOSED SUBSTITUTE:

The language clarifies that it is not the Legislature's intent to sanction or assist flexible networks that form to engage in anti-competitive practices. DTED is directed to develop a broker handbook from its broker training material. DTED is directed to make grants of up to \$25,000 for the organization and facilitation of network development and grants to networks for specific network activities of an amount not to exceed \$75,000. Existing statutory language directing DTED to do an already completed study is deleted. The appropriation of \$150,000 is changed to an appropriation of \$673,000.

EFFECT OF PROPOSED SECOND SUBSTITUTE:

The appropriation language in the bill is deleted and a null and void clause is added, making the bill contingent upon funding added in the 1993-95 biennial budget.

Appropriation: none

Revenue: none

Fiscal Note: requested February 10, 1993

TESTIMONY FOR (Trade, Technology & Economic Development):

The success of flexible networks can be seen around the world. Few flexible networks have developed spontaneously, so government needs to provide the stimulus for the formation of flexible networks. Tying a network strategy into a broader targeted sector approach gives more sophistication to the focus of economic development efforts. Tying state assistance to the commitment by members of their own resources fosters an ownership interest in the flexible network and increases the chances of success.

TESTIMONY AGAINST (Trade, Technology & Economic Development):

Funding level is too low to have much of an impact.

TESTIFIED (Trade, Technology & Economic Development): PRO: Paul Sommers, Northwest Policy Institute; Gus Kostopoulos, WoodNet;

Paul Knox, Department of Community Development; Phil Ness,
Department of Trade and Economic Development

TESTIMONY FOR (Ways & Means):

The department is in support of this bill.

TESTIMONY AGAINST (Ways & Means): None

TESTIFIED (Ways & Means): Fred Romero, Department of Trade and
Economic Development