

SENATE BILL REPORT

SB 5868

**AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC
DEVELOPMENT, MARCH 2, 1993**

Brief Description: Creating the department of economic and community development.

SPONSORS: Senators Skratek, Bluechel, Sheldon, Erwin, Deccio, M. Rasmussen, Snyder, Gaspard and Winsley

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5868 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: Jack Brummel (786-7428); Midori Okazaki (786-7444)

Hearing Dates: February 19, 1993; March 2, 1993

BACKGROUND:

Washington's economic and community development efforts share many of the limitations and shortcomings found in other states. Past studies and reports have found that (1) our state does not have an articulated and widely understood strategy for economic development; (2) service users have been frustrated by fragmentation and duplication of services; and (3) there is insufficient coordination between different programs within a state agency, between agencies, and between local programs and the state.

Other criticisms of the state's programs are that they are of inadequate scope and scale to meet the broad needs of local communities and businesses and they are not evaluated for effectiveness on an ongoing, systematic basis. State programs are also viewed as being too general in nature to address the particular needs of service users.

The effectiveness of economic and community development efforts can be enhanced by increasing the capacity of community-based groups to deliver needed services and by using both regional and sectoral strategies to serve common needs of service users. Consolidation of the two agencies currently responsible for economic and community development has been proposed as a way to introduce greater accountability and effectiveness in state efforts.

SUMMARY:

The Department of Economic and Community Development is created. The functions of the department include coordinating private and public international trade efforts; providing technical and financial assistance to local governments, businesses, and community-based organizations; cooperating with the Legislature and the Governor in the development and implementation of strategic plans for the state's economic and community development efforts; administering state housing efforts; promoting tourism in the state; and conducting the necessary research and analysis to support economic and community development efforts.

The department is to divide the state into service delivery regions and contract with local organizations for the coordination and delivery of economic and community development services within the region. It is also to conduct a targeted sectors program, a technical assistance and training program, and a local development grant program.

The targeted sector program may include assistance in the formation of industry associations and the formation of flexible networks, and may provide training geared to the particular needs of a targeted sector. The technical assistance program is to provide technical and managerial assistance to local communities and small businesses and in distressed or timber impact areas award grants from a technical assistance funding pool. The local development grants program serves local governments and community organizations in their local development efforts.

The Department of Trade and Economic Development and the Department of Community Development are abolished. The Senior Environmental Corps is transferred to the Employment Security Department and the remaining functions of the two departments are transferred to the Department of Economic and Community Development.

The Department of Economic and Community Development is to submit a plan for operation of the department by December 1, 1993. The plan is to include the new department's strategies for sectoral and geographic approaches to delivery of services, implementations steps for carrying out the department's functions, and the establishment of benchmarks for the evaluation of program effectiveness.

EFFECT OF PROPOSED SUBSTITUTE:

The Legislature finds that community development functions and economic development functions of the state are tied to one another and that maintaining the state's quality of life will require new partnerships and reorganizing state assistance.

The new department is to 1) assist the Governor in coordinating the activities of state agencies that have an impact on local governments and communities; 2) build local

capacity for emergency management; 3) promote volunteerism; and 4) assist local governments in planning for growth.

The new department is to pursue the following policy objectives in the next four years:

1. Develop partnerships between local governments, associate development organizations, ports, and training and educational entities;
2. Diversification of the economy through establishing flexible networks and identification of problems and opportunities in individual competitiveness; and
3. Encourage environmentally sustainable development.

Appropriation: none

Revenue: none

Fiscal Note: requested February 18, 1993

TESTIMONY FOR:

The Governor and the agencies support consolidation. The bill is very comprehensive with the right pieces in it. The lack of joint service delivery has caused frustration. Joining the two agencies is a good idea.

TESTIMONY AGAINST: None

TESTIFIED: Mike Fitzgerald, DTED (pro); Barbara Gooding, DCD (pro); Joe Tortorelli, Washington Water Power Company