

HOUSE BILL REPORT

HB 1173

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to economic development.

Brief Description: Creating the Washington state economic development board.

Sponsors: Representatives Van Luven, Veloria, Mason, Gombosky, Cody, Murray, Conway and Wolfe.

Brief History:

Committee Activity:

Trade & Economic Development: 1/27/97, 2/10/97, 2/17/97, 2/19/97 [DPS].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Sheldon, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

Background: In 1985, the Legislature created the Washington State Economic Development Board to create a long-term economic development strategy for the state. The board released a report on the need for a long-term economic development strategy and made specific recommendations. The board issued its initial report in 1988 and a final report in 1989. Since that time, the board has disbanded and there has not been a statewide, comprehensive and coordinated strategy to guide the state's economic development efforts.

Summary of Substitute Bill: The Washington State Economic Development Board is created. The board is responsible for the development of a long-term state economic development strategy.

The board consists of 27 members with representation from both public and private sector organizations and businesses that support economic expansion and job creation that includes members from the Legislature, manufacturing and high-technology interests, labor, agricultural interests, retail and service industries, educational

institutions, minority and women-owned businesses, tourism industry, and local economic development organizations.

The ex officio members include the directors of the Department of Community, Trade and Economic Development; Department of Revenue; and the Office of Financial Management. The members of the board serve for four-year terms. The Governor is the chair of the board and must designate the vice-chair. The board may create subcommittees to address specific issues and concerns. The board members will be reimbursed for travel expenses.

The board is required to (a) develop a long-term economic development plan to be submitted to the Governor and Legislature by January 1, 1999, with annual revisions every January 1 thereafter; and (b) submit a report to the Governor and Legislature, by January 1, 1998, on methods to increase the effectiveness and coordination of existing economic development programs and incentives and methods to facilitate economic activity in distressed areas of the state.

The board, in developing the long-term economic development strategy, may (a) secure and encourage private sector, nonprofit and community support in their analysis of economic development opportunities; (b) identify and analyze key targeted businesses and industries to determine their potential of expansion and diversification; (c) propose an appropriate state role in areas that include, but are not limited to industrial marketing, technology transfer, workforce training, and research and development; (d) evaluate the performance of existing state economic development programs and incentives; (e) propose methods to increase public and private partnerships to foster economic development efforts; (f) study the key components of the state's business climate related to a long-term development strategy; (g) make specific recommendations for the establishment of public-private cooperative efforts in economic development; and (h) accept gifts and grants to further the purposes of the board.

The board may employ staff as needed, or may contract for services, in order to carry out its duties. The Office of the Governor and the Legislature may provide additional staff support and facilities to assist the board in its duties.

Substitute Bill Compared to Original Bill: The substitute bill adds representatives from the service and industry to the board and reduces the number of at-large representatives from five to three.

Appropriation: \$250,000 from the general fund to the Office of the Governor.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The state needs a long-range strategy and goal (vision) for economic development in the state. A strategy based on responding to immediate problems is not an efficient use of state resources and sends the wrong message to our private sector partners. Involving all segments of the economy, in particular the small business community, is vital to the development of strategic goals that will guide economic development efforts in the future.

Testimony Against: None.

Testified: Representative Van Luven, prime sponsor (pro); Jim Kern, International Market Brands (pro); Kay Hirai and Doug Poggi, Governor's Small Business Improvement Council (pro); Carolyn Logue, National Federation of Independent Business (pro); and Gary Smith, Independent Business Association (pro).