

# HOUSE BILL REPORT

## HB 1686

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

**Title:** An act relating to local economic development cooperatives.

**Brief Description:** Requiring cooperation with local economic development cooperatives.

**Sponsors:** Representatives Kessler, DeBolt, Alexander, Mulliken, Morris, Linville, G. Chandler, Pennington, Wolfe, Hatfield, McMorris, Delvin, Romero, Sump, Clements, Ericksen, Schoesler, Campbell, D. Schmidt, Fortunato, Mielke, Radcliff, Cox, Mastin, Murray, Cooper, Lisk, Crouse, Hankins, Skinner, Thomas, B. Chandler, Koster, Parlette and Ruderman.

**Brief History:**

**Committee Activity:**

Economic Development, Housing & Trade: 2/23/99, 3/2/99 [DPS].

**Brief Summary of Substitute Bill**

- Requires the Department of Community, Trade, and Economic Development to work with local economic development councils in providing technical assistance to communities and businesses in securing available financing.
- Established a grant program to national and international marketing of an area for business recruitment by local associate development organizations.
- Appropriates \$400,000 for the 1999-2001 biennium to the Department of Community, Trade, and Economic Development to be used as grants to local associate development organizations.

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

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic Vice Chair; Ballasiotes; Gombosky; Miloscia; Morris; Radcliff; Skinner; D. Sommers and Wolfe.

**Staff:** Kenny Pittman (786-7392).

**Background:**

The Department of Community, Trade, and Economic Development is the primary state agency charged with assisting communities or regional areas in their community and economic development efforts. The department works directly with a variety of local economic development organizations to help communities attract businesses to their area, help existing businesses expand, or retain existing businesses.

The Community Development Finance program was created in 1984. The department provides technical assistance to assist communities and businesses access available federal, state, and private sources of community development or business financing.

An Associate Development Organization (ADO) is a local nonprofit corporation created for the purpose of encouraging economic development within an area. The ADO works with representatives in their service area to identify key economic and community development problems, development appropriate solutions, and mobilize broad support for recommended initiatives. The ADO then assumes the leadership role in the coordination of efficient delivery of services designed to implement the recommended initiatives. There are 33 ADOs in the state that operate on either a county-wide basis or in a consortium consisting of two or more counties.

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**Summary of Substitute Bill:**

The DCTED must work with local economic councils to provide technical assistance to assist communities and businesses access available sources of community development or business financing.

A regional business recruitment grant program is created within the DCTED. The purpose of the program is to assist local ADO market the area to business on a national and international basis.

An application for assistance to the department must: (i) be submitted by a local associate development organization or consortium of associate development organizations; (ii) contain evidence of active participation between the public and private sector; (iii) contain a description of how the proposed project will assist in

business recruitment efforts; and (iv) contain other information the director of the department deems necessary.

In making awards, the department must: (i) consider the degree of other funds, including in-kind match committed to the project; (ii) consider the degree of community support for the proposed project; and (iii) consider the coordination of the proposed project with existing state and local business recruitment efforts.

**Substitute Bill Compared to Original Bill:**

The substitute bill creates the regional business recruitment grant program within the Department of Community, Trade, and Economic Development. Appropriates \$400,000 to be used as grants to associate development organizations to support regional business recruitment efforts.

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**Appropriation:** \$400,000 from the general fund to the Department of Community, Trade, and Economic Development for the 1999-2001 biennium.

**Fiscal Note:** Not requested.

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

**Testimony For:** (Original Bill) This provides rural communities another economic development tool. Developing additional financing expertise will help local economic development efforts.

**Testimony Against:** None.

**Testified:** (In support) Representative Kessler, prime sponsor.