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SENATE BILL 6618

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State of Washington

56th Legislature

2000 Regular Session

By Senators Prentice, Shin, Hale and Rasmussen; by request of Lieutenant Governor

Read first time 01/20/2000. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

1 AN ACT Relating to cluster-based economic development; amending RCW  
2 43.330.090; adding a new section to chapter 43.330 RCW; and creating a  
3 new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington's  
6 quality of life, standard of living, and social and economic  
7 opportunity all depend on the vitality of the state's economy. The  
8 legislature further finds that economic development tries to reinforce  
9 the natural way by which strong foundations in the areas of human  
10 resources, capital resources, technology, tax and regulatory, advanced  
11 physical infrastructure, information and communication infrastructure,  
12 and quality of life strengthen the economy. The legislature further  
13 finds that the strength and vitality of the state's economy depends on  
14 the competitiveness of the state's industry clusters. The legislature  
15 further finds industry clusters can become a powerful magnet for  
16 businesses to locate in an area and create a spawning ground for start-  
17 up companies. The legislature further finds that industry clusters  
18 create large, diverse pools of experienced workers; attract suppliers  
19 who tend to congregate in their vicinity for increased efficiency; and

1 foster a competitive spirit that stimulates growth and innovative  
2 strategic alliances. The legislature further finds that the state must  
3 first identify and understand the industry clusters before strategies  
4 can be developed to enhance their competitive position in the world.

5 (2) It is the intent of the legislature to establish an industry  
6 cluster-based approach to economic development as a component of a  
7 state-wide strategy to address economic growth and quality of life  
8 issues.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW  
10 to read as follows:

11 (1) The department of community, trade, and economic development,  
12 or its successor agency, shall work with industry associations and  
13 organizations to identify industry clusters on a regional and state-  
14 wide basis. The industry clusters may include, but not be limited to  
15 aerospace, agriculture, food processing, forest products, business  
16 services, financial services, health and biomedical, software,  
17 transportation and distribution, and microelectronics.

18 (2) In the identification of industry clusters, the department's  
19 activities may include, but are not limited to:

20 (a) Conducting focus group discussions, facilitating meetings, and  
21 conducting studies to identify industry clusters, members of an  
22 industry cluster, the current state of the industry cluster, and issues  
23 of common concern of the industry cluster;

24 (b) Supporting the formation of industry cluster associations,  
25 publication of cluster association directories, and related efforts to  
26 encourage the entry of new firms into the industry cluster; and

27 (c) Providing methods for electronic communication and information  
28 dissemination among firms within industry clusters.

29 (3) The department shall work with identified industry clusters,  
30 private sector organizations, local governments, local economic  
31 development organizations, and higher education and training  
32 institutions to assist in the development of strategies designed to  
33 strengthen the competitiveness of the state's industry clusters. The  
34 department shall, on a continuing basis, evaluate effectiveness of the  
35 services provided to industry clusters using information gathered at  
36 the regional and state-wide level.

37 (4) As used in this section, "industry cluster" means a geographic  
38 concentration of interdependent competitive firms that do business with

1 each other. Clusters also include firms that sell inside and outside  
2 of the geographic region as well as support firms that supply raw  
3 materials, components, and business services.

4 **Sec. 3.** RCW 43.330.090 and 1998 c 245 s 85 are each amended to  
5 read as follows:

6 (1) The department shall work with private sector organizations,  
7 industry clusters, local governments, local economic development  
8 organizations, and higher education and training institutions to assist  
9 in the development of strategies to diversify the economy, facilitate  
10 technology transfer and diffusion, and increase value-added production  
11 by focusing on targeted sectors. The targeted sectors may include, but  
12 are not limited to, software, forest products, biotechnology,  
13 environmental industries, recycling markets and waste reduction,  
14 aerospace, food processing, tourism, film and video, microelectronics,  
15 new materials, robotics, and machine tools. The department shall, on  
16 a continuing basis, evaluate the potential return to the state from  
17 devoting additional resources to a targeted sector's approach to  
18 economic development and including additional sectors in its efforts.  
19 The department shall use information gathered in each service delivery  
20 region in formulating its sectoral strategies and in designating new  
21 targeted sectors.

22 (2) The department shall ensure that the state continues to pursue  
23 a coordinated program to expand the tourism industry throughout the  
24 state in cooperation with the public and private tourism development  
25 organizations. The department shall work to provide a balance of  
26 tourism activities throughout the state and during different seasons of  
27 the year. In addition, the department shall promote, market, and  
28 encourage growth in the production of films and videos, as well as  
29 television commercials within the state; to this end the department is  
30 directed to assist in the location of a film and video production  
31 studio within the state.

32 (3) In assisting in the development of a targeted sector, the  
33 department's activities may include, but are not limited to:

34 (a) Conducting focus group discussions, facilitating meetings, and  
35 conducting studies to identify members of the sector, appraise the  
36 current state of the sector, and identify issues of common concern  
37 within the sector;

1 (b) Supporting the formation of industry associations, publications  
2 of association directories, and related efforts to create or expand the  
3 activities or industry associations;

4 (c) Assisting in the formation of flexible networks by providing  
5 (i) agency employees or private sector consultants trained to act as  
6 flexible network brokers and (ii) funding for potential flexible  
7 network participants for the purpose of organizing or implementing a  
8 flexible network;

9 (d) Helping establish research consortia;

10 (e) Facilitating joint training and education programs;

11 (f) Promoting cooperative market development activities;

12 (g) Analyzing the need, feasibility, and cost of establishing  
13 product certification and testing facilities and services; and

14 (h) Providing for methods of electronic communication and  
15 information dissemination among firms and groups of firms to facilitate  
16 network or industry cluster activity.

17 (4) As used in this section, "industry cluster" has the same  
18 meaning as in section 2 of this act.

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