

# SENATE BILL REPORT

## SB 5370

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As Reported By Senate Committee On:  
State & Local Government, February 5, 2001  
Ways & Means, February 21, 2001

**Title:** An act relating to splitting the department of community, trade, and economic development and reestablishing the department of community development and the department of trade and economic development

**Brief Description:** Splitting the department of community, trade, and economic development and reestablishing the department of community development and the department of trade and economic development.

**Sponsors:** Senators Patterson, Prentice, Hale and Haugen; by request of Governor Locke.

**Brief History:**

**Committee Activity:** State & Local Government: 1/31/01, 2/5/01 [DP, DNP-WM].  
Ways & Means: 2/20/01, 2/21/01 [DPS, DNP].

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### SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

**Majority Report:** Do pass and be referred to Ways & Means.

Signed by Senators Patterson, Chair; Hale, Haugen, Kline, T. Sheldon and Swecker.

**Minority Report:** Do not pass.

Signed by Senators Fairley, Vice Chair; Horn, McCaslin and Roach.

**Staff:** Eugene Green (786-7405)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5370 be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Rasmussen, Regala, B. Sheldon, Snyder, Spanel and Thibaudeau.

**Minority Report:** Do not pass.

Signed by Senators Hewitt, Honeyford, Parlette and Rossi.

**Staff:** Michael Groesch (786-7434)

**Background:** The Department of Community, Trade, and Economic Development was created in 1993 by dissolving the Department of Community Development and the Department of Trade and Economic Development and transferring their responsibilities and authorities to that newly created department.

The Department of Community, Trade, and Economic Development is responsible for assisting in community and economic development; providing technical and financial assistance to local governments, businesses, and community-based organizations; soliciting private and federal grants for economic and community development programs; and conducting research and analysis to support economic and community development efforts.

**Summary of Substitute Bill:** The purpose of the act is to effectively organize state efforts to address the community and economic development needs of the citizens by restructuring the Department of Community, Trade, and Economic Development into two separate agencies, the Department of Community Development and the Department of Trade and Economic Development.

The Department of Trade and Economic Development (DTED) consists of the existing divisions of economic development, energy policy, and international trade. The Department of Community Development (DCD) consists of the existing divisions of housing, community services, and local government.

The declared intention is that the restructuring allows each agency to: (1) identify and develop a focused mission; (2) organize and deliver services in a manner that is responsive to current and future needs; and (3) effectively target resources to meet the identified mission and needs of the citizens of the state of Washington in the most efficient and effective manner.

The director of DTED is authorized to enter into an interagency agreement with DCD to appoint an employee of that agency as the director's designee to the Forest Practices Board. The interagency agreement expires upon the adoption of permanent rules relating to forest practices and the protection of aquatic resources.

The following references or programs are decodified or repealed: obsolete references on child care and residential care facilities; Clean Washington Center; and the Investment Opportunities Office.

The bill shall not be enacted unless funding for the cost of the split is provided in the omnibus appropriations act.

**Substitute Bill Compared to Original Bill:** Null and void language is included that keeps the bill from becoming law unless funding is provided in the biennial budget.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2001.

**Testimony For:** This split will allow both new agencies to focus on what each does best. The clients will get quicker and better service. There will be a better targeting of limited resources. This will rejuvenate the state's focus on economic development.

**Testimony Against:** None.

**Testified (State & Local Government):** PRO: Martha Choe, OTED; Ron Newbry, WA Econ. Develop. Assn.; Sheila Martin, Governor's Policy Office; Busse Nutley, OCD; Stan Finkelstein, Assn. of WA Cities; Bill Vogler, WA State Assn. Counties; Gordon Buchan, Kidder Mathews & Segner; Tami Garrow, Grays Harbor Public Development Authority; Becky Bogard, WA State Hotel & Lodging Assn., WA Assn. of Convention & Visitors Bureau; Nick Federici, Low-Income Housing Congress.

**Testified (Ways & Means):** PRO: Martha Choe, OTED; Jennifer Joly, Governor's Office; Busse Nutley, OCD; Bill Vogler, WA State Assn. Counties; Dennis Eagle, WA Federation of State Employees; Nick Federici, Low-Income Housing Congress; Ron Newbry, WA Econ. Develop. Assn.