

# HOUSE BILL REPORT

## HB 1234

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**As Reported by House Committee On:**  
Trade & Economic Development  
Appropriations

**Title:** An act relating to cluster-based economic development.

**Brief Description:** Establishing an industry cluster-based approach to economic development.

**Sponsors:** Representatives Pettigrew, Veloria, McCoy, Conway and Chase.

**Brief History:**

**Committee Activity:**

Trade & Economic Development: 1/28/03, 1/30/03 [DPS];

Appropriations: 3/3/03, 3/6/03 [DP2S(w/o sub TED)].

**Brief Summary of Second Substitute Bill**

- Directs the Department of Community, Trade & Economic Development (DCTED) to identify industry clusters, working with various entities and to develop strategies to foster the development of the state and regional industry clusters.

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Veloria, Chair; Eickmeyer, Vice Chair; Skinner, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Blake, Chase, Condotta, Kristiansen, McCoy, Pettigrew and Priest.

**Staff:** Tracey Taylor (786-7196).

**Background:**

A cluster is a geographic grouping of interdependent, competitive companies, their suppliers and supporting institutions. They represent regional specialization and comparative advantage. There is a growing interest in looking at particular industry clusters in Washington to better focus the public support of economic development. This

includes looking at the natural clusters to be more responsive in creating an educated and skilled workforce to support the clusters and providing the necessary public infrastructure.

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**Summary of Substitute Bill:**

The DCTED must work with industry associations and organizations to identify regional and statewide industry clusters. This includes conducting focus groups, supporting the formation of industry cluster associations, and providing methods of economic communication and information among the firms within the industry clusters.

The DCTED must also work with industry clusters, private organizations, local governments, federally recognized Indian tribes, local economic development organizations and higher education and training institutions to develop strategies to strengthen Washington's industry clusters. On a continuing basis, the DCTED shall evaluate the effectiveness of the services provided to the industry clusters.

**Substitute Bill Compared to Original Bill:**

The substitute bill directs DCTED to also work with federally recognized Indian tribes when developing cluster strategies.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2003.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Development of economic growth strategies focus on industry clusters to foster a strong economy. Clusters build on our current economy and our economic identity. Examples of current clusters are aerospace, agriculture and high technology. The aerospace cluster has been very important to our state with two jobs created for every one job at Boeing. Clusters also help focus state marketing efforts. Washington has a very strong concentration in applied sciences, from the research universities to private labs, and is an example of another natural cluster.

**Testimony Against:** None.

**Testified:** Representative Pettigrew, prime sponsor; and Jerry Smedes, Northwest Environmental Business Council.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Trade & Economic Development. Signed by 25 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Buck, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

**Staff:** Holly Lynde (786-7153).

**Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Trade & Economic Development:**

The substitute bill makes optional the requirement that the DCTED evaluate the effectiveness of the services provided to the industry clusters.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.