

HOUSE BILL REPORT

2SHB 1234

As Passed House:

February 2, 2004

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

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

Sponsors: By House Committee on Appropriations (originally sponsored by 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)].

Floor Activity:

Passed House: 3/13/03, 95-0.

Floor Activity:

Passed House: 2/2/04, 96-0.

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.

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).

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).

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.

Summary of Second 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. The DCTED may evaluate the effectiveness of the services provided to the industry clusters.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (Trade & Economic Development) 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 For: (Appropriations) None.

Testimony Against: (Trade & Economic Development) None.

Testimony Against: (Appropriations) None.

Testified: (Trade & Economic Development) Representative Pettigrew, prime sponsor; and Jerry Smedes, Northwest Environmental Business Council.

Testified: (Appropriations) None.