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SECOND SUBSTITUTE HOUSE BILL 1234

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State of Washington                      58th Legislature                      2003 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Pettigrew, Veloria, McCoy, Conway and Chase)

READ FIRST TIME 3/10/03.

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:

6            (a) Washington's quality of life, standard of living, and social  
7 and economic opportunity all depend on the vitality of the state's  
8 economy;

9            (b) Economic development tries to reinforce the natural way by  
10 which strong foundations in the areas of human resources, capital  
11 resources, technology, tax and regulatory, advanced physical  
12 infrastructure, information and communication infrastructure, and  
13 quality of life strengthen the economy;

14            (c) The strength and vitality of the state's economy depends on the  
15 competitiveness of the state's industry clusters;

16            (d) Industry clusters can become a powerful magnet for businesses  
17 to locate in an area and create a spawning ground for start-up  
18 companies;

1 (e) Industry clusters create large, diverse pools of experienced  
2 workers, attract suppliers who tend to congregate in their vicinity for  
3 increased efficiency, and foster a competitive spirit that stimulates  
4 growth and innovative strategic alliances; and

5 (f) The state must first identify and understand the industry  
6 clusters before strategies can be developed to enhance their  
7 competitive position in the world.

8 (2) It is the intent of the legislature to establish an industry  
9 cluster-based approach to economic development as a component of a  
10 statewide strategy to address economic growth and quality of life  
11 issues.

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

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

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

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

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

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

32 (3) The department shall work with identified industry clusters,  
33 private sector organizations, federally recognized tribes, local  
34 governments, local economic development organizations, and higher  
35 education and training institutions to assist in the development of  
36 strategies designed to strengthen the competitiveness of the state's

1 industry clusters. The department may evaluate the effectiveness of  
2 the services provided to industry clusters using information gathered  
3 at the regional and statewide level.

4 (4) As used in this section, "industry cluster" means a geographic  
5 concentration of interdependent competitive firms that do business with  
6 each other. "Industry cluster" also includes firms that sell inside  
7 and outside of the geographic region as well as support firms that  
8 supply raw materials, components, and business services.

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

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

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

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

3 (a) Conducting focus group discussions, facilitating meetings, and  
4 conducting studies to identify members of the sector, appraise the  
5 current state of the sector, and identify issues of common concern  
6 within the sector;

7 (b) Supporting the formation of industry associations, publications  
8 of association directories, and related efforts to create or expand the  
9 activities or industry associations;

10 (c) Assisting in the formation of flexible networks by providing  
11 (i) agency employees or private sector consultants trained to act as  
12 flexible network brokers and (ii) funding for potential flexible  
13 network participants for the purpose of organizing or implementing a  
14 flexible network;

15 (d) Helping establish research consortia;

16 (e) Facilitating joint training and education programs;

17 (f) Promoting cooperative market development activities;

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

20 (h) Providing for methods of electronic communication and  
21 information dissemination among firms and groups of firms to facilitate  
22 network or industry cluster activity.

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

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