

**SB 5329 - H AMD 1046**

By Representative Kilmer

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the use of  
4 industrial clusters as a descriptive tool can provide a clear  
5 understanding of the relationships between firms that drive the  
6 local economy. An industry cluster is a group of complementary,  
7 competing, and interdependent firms that represent the entire value  
8 chain of a broadly defined industry from suppliers to end products,  
9 including supporting services and specialized infrastructure. The  
10 legislature further finds that (1) cluster-based economic analysis  
11 is a tool for understanding industry dynamics; (2) the purpose of  
12 cluster analysis is to identify those areas of the economy in which  
13 a region has or might develop a comparative advantage and to  
14 develop short and long-term strategies for growing the regional  
15 economy; and (3) using cluster analysis in the development of  
16 economic development strategies highlights opportunities for  
17 coordination and improvement in areas of mutual concern to firms  
18 without threatening or distorting competition. It is the intent of  
19 the legislature that the department of community, trade, and  
20 economic development use a cluster-based economic analysis in the  
21 development and delivery of economic development services in the  
22 state.

23 **Sec. 2.** RCW 43.330.090 and 2005 c 136 s 14 are each amended to  
24 read as follows:

25 (1) The department shall work with private sector  
26 organizations, industry and cluster associations, federal agencies,  
27 state agencies, local governments, local associate development  
28 organizations, and higher education and training institutions (~~to~~  
29 ~~assist~~) in the development of industry cluster-based strategies to  
30 diversify the economy, facilitate technology transfer and  
31 diffusion, and increase value-added production (~~by focusing on~~

1 ~~targeted sectors~~)). The initial industry clusters targeted  
2 ((~~sectors~~)) by the department may include, but are not limited to,  
3 software, forest products, biotechnology, environmental  
4 ((~~industries~~)) technology, recycling markets and waste reduction,  
5 aerospace, photonics, food processing, tourism, film and video,  
6 microelectronics, new materials, robotics, and machine tools. The  
7 department shall, on a continuing basis, evaluate the potential  
8 return to the state from devoting additional resources to (( a  
9 ~~targeted sector's~~)) an industry cluster-based approach to economic  
10 development and ((~~including~~)) identifying and assisting additional  
11 ((~~sectors in its efforts~~)) clusters. The department shall use  
12 information gathered in each service delivery region in formulating  
13 its (( ~~sectoral~~)) industry cluster-based strategies ((~~and in~~  
14 ~~designating new targeted sectors~~)).

15 (2) The department shall pursue a coordinated program to expand  
16 the tourism industry throughout the state in cooperation with the  
17 public and private tourism development organizations. The  
18 department, in operating its tourism program, shall:

19 (a) Promote Washington as a tourism destination to national and  
20 international markets to include nature-based and wildlife viewing  
21 tourism;

22 (b) Provide information to businesses and local communities on  
23 tourism opportunities that could expand local revenues;

24 (c) Assist local communities to strengthen their tourism  
25 partnerships, including their relationships with state and local  
26 agencies;

27 (d) Provide leadership training and assistance to local  
28 communities to facilitate the development and implementation of  
29 local tourism plans;

30 (e) Coordinate the development of a statewide tourism and  
31 marketing plan. The department's tourism planning efforts shall be  
32 carried out in conjunction with public and private tourism  
33 development organizations including the department of fish and  
34 wildlife and other appropriate agencies. The plan shall  
35 specifically address mechanisms for: (i) Funding national and  
36 international marketing and nature-based tourism efforts; (ii)  
37 interagency cooperation; and (iii) integrating the state plan with  
38 local tourism plans.

1 (3) The department may, in carrying out its efforts to expand  
2 the tourism industry in the state:

3 (a) Solicit and receive gifts, grants, funds, fees, and  
4 endowments, in trust or otherwise, from tribal, local or other  
5 governmental entities, as well as private sources, and may expend  
6 the same or any income therefrom for tourism purposes. All revenue  
7 received for tourism purposes shall be deposited into the tourism  
8 development and promotion account created in RCW 43.330.094;

9 (b) Host conferences and strategic planning workshops relating  
10 to the promotion of nature-based and wildlife viewing tourism;

11 (c) Conduct or contract for tourism-related studies;

12 (d) Contract with individuals, businesses, or public entities  
13 to carry out its tourism-related activities under this section;

14 (e) Provide tourism-related organizations with marketing and  
15 other technical assistance;

16 (f) Evaluate and make recommendations on proposed tourism-  
17 related policies.

18 (4)(a) The department shall promote, market, and encourage  
19 growth in the production of films and videos, as well as television  
20 commercials within the state; to this end the department is  
21 directed to assist in the location of a film and video production  
22 studio within the state.

23 (b) The department may, in carrying out its efforts to  
24 encourage film and video production in the state, solicit and  
25 receive gifts, grants, funds, fees, and endowments, in trust or  
26 otherwise, from tribal, local, or other governmental entities, as  
27 well as private sources, and may expend the same or any income  
28 therefrom for the encouragement of film and video production. All  
29 revenue received for such purposes shall be deposited into the film  
30 and video promotion account created in RCW 43.330.092.

31 (5) In assisting in the development of (~~(a targeted sector)~~)  
32 its industry cluster-based strategies, the department's activities  
33 may include, but are not limited to:

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

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

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

10 ~~((d))~~ Helping establish research consortia;

11 ~~((e))~~ (d) Facilitating joint training and education programs;

12 ~~((f))~~ (e) Promoting cooperative market development  
13 activities;

14 ~~((g))~~ (f) Analyzing the need, feasibility, and cost of  
15 establishing product certification and testing facilities and  
16 services; and

17 ~~((h))~~ (g) Providing for methods of electronic communication  
18 and information dissemination among firms and groups of firms to  
19 facilitate ~~((network))~~ industry cluster activity.  
20

21 NEW SECTION. Sec. 3. A new section is added to chapter 43.330  
22 RCW to read as follows:

23 (1) A competitive grant program, administered by the  
24 department, is created to assist communities to develop, in  
25 partnerships, regional economic development and industry cluster  
26 strategies and conduct related cluster market strategies.

27 (a) Applicants must include organizations from at least two  
28 counties. Eligible organizations include, but are not limited to,  
29 local governments, economic development councils, chambers of  
30 commerce, federally recognized Indian tribes, work force  
31 development councils, and educational institutions. Applicants  
32 should also include participants from the local business community.

33 (b) There must be financial participation of the partner  
34 organizations in order to be eligible for the grant program.

35 (c) Grant money may be used to fund organizational activities  
36 necessary to develop the partnership's regional economic  
37 development and industry cluster strategies, and related marketing  
38 strategies.

1 (d) The maximum amount of a grant is one hundred thousand  
2 dollars.

3 (e) A maximum of one hundred thousand dollars total may be  
4 awarded to King, Pierce, Kitsap, and Snohomish counties combined.

5 (f) The competitive grant program expires June 30, 2007.

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

12 NEW SECTION. **Sec. 4.** The department of community, trade, and  
13 economic development shall report to the governor and the fiscal  
14 and economic development committees of the house and senate no  
15 later than January 1, 2008, on the results of the activities  
16 undertaken under this section. The report shall include, but not  
17 be limited to:

18 (1) The industry clusters identified under section 2 of this  
19 act, the number of firms, employment and wage levels in each  
20 cluster identified, and an assessment of the competitiveness of  
21 each cluster;

22 (2) The number and description of new firms entered into each  
23 cluster as a result of the department's activities under section 2  
24 of this act;

25 (3) A summary of the issues of common concern identified in the  
26 focus group discussions conducted under section 2 of this act;

27 (4) A list containing information on applicants and grant  
28 awards under section 3 of this act, a description of the process  
29 used for solicitation of grant applications, and the criteria used  
30 in the selection of grantees."

31 Correct the title.

**EFFECT:** Makes a technical correction to update the amended statute to reflect changes made during the 2005 session. Authorizes a competitive grant program to assist communities to develop, in partnerships, regional economic development and industry cluster strategies and conduct related cluster market strategies. Requires the Department of Community, Trade, and Economic Development to report to the fiscal and economic

development committees of the Legislature by January 1, 2008, on the industry cluster strategies and outcomes developed as a result of the grant program.