
**Economic Development,
Agriculture & Trade Committee**

SB 5329

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

Sponsors: Senators Pflug, Shin, Esser, Schoesler, Roach, Rasmussen, Rockefeller, Berkey and Mulliken.

Brief Summary of Bill

- Directs the Department of Community, Trade and Economic Development to develop "industry cluster-based" economic development strategies instead of "targeted industry based" strategies.

Hearing Date: 2/15/06

Staff: Tracey Taylor (786-7196).

Background:

Clusters are groups of complementary, competing, and interdependent industries that drive wealth creation in a region, primarily through export of goods and services. An industry cluster is different from the classic definition of industry sectors because it represents the entire value chain of a broadly-defined industry from suppliers to end products, including supporting services and specialized infrastructure. Firms in a cluster are more strongly connected to one another by the flow of goods and services within the cluster than the flow linking them to the rest of the economy.

Clusters are characterized by geographic concentration of the related industries within a region and represent a distinct way of organizing economic data and viewing the economy. Viewing a group of companies and institutions as a cluster highlights opportunities for coordination and mutual improvement in areas of common concern without threatening or distorting competition.

Summary of Bill:

In addition to the groups the Department of Community, Trade and Economic Development (DCTED) already works with, the DCTED is directed to work with industry and cluster associations and federal and state industries in developing industry cluster-based strategies. Among the initial industry clusters the DCTED may focus on is photonics. On a continual basis the DCTED must evaluate the potential return to the state from devoting additional resources to an

industry cluster-based approach to economic development and identifying and assisting additional clusters. In developing industry-cluster based strategies, the DCTED must still use information gathered in each service delivery region. The DCTED may conduct focus group discussions and studies, support the formation of industry cluster associations, and provide methods for communication among firms within the industry clusters.

Appropriation: None.

Fiscal Note: Not requested.

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