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SECOND SUBSTITUTE HOUSE BILL 1815

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State of Washington

59th Legislature

2005 Regular Session

**By** House Committee on Appropriations (originally sponsored by Representatives Wallace, Skinner, Pettigrew, Rodne, Kilmer, Ahern, Blake, McCoy, Anderson, Walsh, Lovick, Hudgins, Appleton, Strow, Murray, B. Sullivan, Simpson, Kessler, Williams, O'Brien, Conway, Morris, Linville, Lantz and Moeller)

READ FIRST TIME 03/07/05.

1 AN ACT Relating to a small business incubator competitive grant  
2 program; amending RCW 43.176.020; adding a new section to chapter  
3 43.176 RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.176.020 and 2004 c 237 s 2 are each amended to read  
6 as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Business incubator" means a facility that offers:

10 (a) Space for start-up and expanding firms;

11 (b) The shared use of equipment and work areas;

12 (c) Daily management support services essential to high-quality  
13 commercial operations; and

14 (d) Technical assistance.

15 (2) "Entrepreneurial support program" means a program offering  
16 start-up or emerging businesses business-related training and services  
17 as well as technical assistance including operational development,  
18 business development, and financing.

1       (3) "Department" means the department of community, trade, and  
2 economic development.

3       (4) "Emerging business" means a business: (a) That is engaged in  
4 activities related to the development of initial product or service  
5 offerings, such as prototype development or establishment of initial  
6 production or service processes; (b) that is less than three years old  
7 and during the previous fiscal year had gross revenues of no more than  
8 two million dollars; or (c) that is in a growth mode expanding its  
9 operation or its market.

10       (5) "Qualified small business incubator" means an incubator that  
11 is:

12       (a)(i) Designated as a nonprofit organization under section  
13 501(c)(3) or (c)(6) of the internal revenue code, or (ii) consists of  
14 a partnership between a designated nonprofit organization under section  
15 501(c)(3) of the internal revenue code and a government or quasi-  
16 government agency; and

17       (b) (~~Focused on developing small businesses in an economically~~  
18 ~~distressed or disadvantaged area; and~~

19       (~~e~~)) Structured around a sound business plan.

20       (6) "Start-up business" means a formal business venture that: (a)  
21 Is involved in activities related to the development of initial product  
22 or service offerings, such as prototype development or establishment of  
23 initial production or service processes; (b) during the preceding  
24 fiscal year had gross revenues of no more than two million dollars; (c)  
25 is less than three years old; and (d) has fewer than twenty employees.

26       (7) "Zone" means the following eight areas:

27       (a) Northwest zone: Clallam, Jefferson, Whatcom, Skagit, San Juan,  
28 and Island counties;

29       (b) Pacific mountain zone: Thurston, Mason, Grays Harbor, Lewis,  
30 and Pacific counties;

31       (c) Southwest region: Wahkiakum, Cowlitz, Clark, and Skamania  
32 counties;

33       (d) Northeast region: Adams, Chelan, Douglas, Whitman, Grant,  
34 Okanogan, Ferry, Stevens, Pend Oreille, Lincoln, and Spokane counties;

35       (e) Southeast region: Benton, Franklin, Walla Walla, Columbia,  
36 Garfield, Asotin, Whitman, Kittitas, Skamania, and Yakima counties;

37       (f) King zone: King county;

38       (g) Pierce zone: Pierce county; and

1        (h) Snohomish zone: Snohomish county.

2        NEW SECTION. Sec. 2. A new section is added to chapter 43.176 RCW  
3 to read as follows:

4        A competitive grant program is created in the department to assist  
5 small business incubators and entrepreneurial support programs as  
6 defined in RCW 43.176.020. The competitive grants shall be allocated  
7 equally among zones to the extent possible, and shall be given to a  
8 designated nonprofit organization under section 501(c)(3) or (c)(6) of  
9 the internal revenue code or a governmental organization, including a  
10 port district, to provide business-related training and services as  
11 well as technical assistance to start-up or emerging businesses.

12        (1) Only ten percent of the grant funds may be used for  
13 administration and overhead.

14        (2) Grants shall be awarded for a two-year period.

15        (3) Previous grantees are not prohibited from reapplying.

16        (4) The department shall establish an application process and the  
17 appropriate forms. All applications shall include a work plan that  
18 shall include, at a minimum, the types of businesses targeted for  
19 assistance, the types of training, services, and technical assistance  
20 that will be offered, and the performance measures to be applied.

21        (5) One year after receiving the grant, the grantee shall submit a  
22 progress report to the department.

23        (6) The department shall submit on a biennial basis, beginning  
24 December 1, 2007, a report to the appropriate committees of the  
25 legislature. The report shall include, at a minimum:

26        (a) The number of businesses served by industry;

27        (b) The types of services provided;

28        (c) The number of jobs retained as a result of the grant program;

29        (d) The number of jobs created as a result of the grant program;

30 and

31        (e) The names of the grantees and the amounts of the grants.

32        (7) The department may contract with the community economic  
33 revitalization board to administer the competitive grant program.

34        NEW SECTION. Sec. 3. If specific funding for the purposes of this  
35 act, referencing this act by bill or chapter number, is not provided by

1 June 30, 2005, in the omnibus appropriations act, this act is null and  
2 void.

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