
THIRD SUBSTITUTE HOUSE BILL 1815

State of Washington

59th Legislature

2006 Regular Session

By House Committee on Economic Development, Agriculture & Trade
(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 01/27/06.

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

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, on
16 an on-going basis, start-up or emerging businesses business-related
17 training and services as well as technical assistance including
18 operational development, 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; or (b) that is less than three years
7 old and during the previous fiscal year had gross revenues of no more
8 than two million dollars.

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

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

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

18 ~~(c))~~ Structured around a sound business plan.

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

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

27 A competitive grant program is created in the department to assist
28 small business incubators and entrepreneurial support programs as
29 defined in RCW 43.176.020. To the extent funds are made available, the
30 competitive grants shall be allocated equally across the state to a
31 designated nonprofit organization under section 501(c)(3) or (c)(6) of
32 the internal revenue code or a governmental organization, including a
33 port district, to provide business-related training and services as
34 well as technical assistance to start-up or emerging businesses. In
35 administering the competitive grant program, the department shall
36 endeavor to equitably distribute the funds across the state.

1 (1) Ninety percent of the funds granted must be used by the
2 grantees to provide the kind of direct service or training to
3 businesses as described in RCW 43.176.020. Only up to ten percent of
4 the grant funds may be used by the grantees for organizational
5 administrative costs and overhead.

6 (2) To the extent funds are made available, grants shall be awarded
7 over a two-year period.

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

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

14 (5) The grantee shall submit an annual report to the department.

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

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

19 (b) The types of services provided;

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

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

22 and

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

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

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