
SUBSTITUTE HOUSE BILL 2498

State of Washington

59th Legislature

2006 Regular Session

By House Committee on Economic Development, Agriculture & Trade
(originally sponsored by Representatives Kilmer, Buri, Morrell,
Skinner, Green, Linville, McCoy, Moeller, Chase, Rodne, Conway,
Haler, Morris, Ericks and Sells)

READ FIRST TIME 01/20/06.

1 AN ACT Relating to cluster-based economic development; adding a new
2 section to chapter 43.330 RCW; creating a new section; and making an
3 appropriation.

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, digital
20 and interactive media, transportation and distribution, and
21 microelectronics.

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

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

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

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

33 (3) A competitive grant program, administered by the department, is
34 created to assist communities to develop, in partnerships, regional
35 economic development and industry cluster strategies and conduct
36 related cluster market strategies.

1 (a) Applicants must include organizations from at least two
2 counties. Eligible organizations include, but are not limited to,
3 local governments, economic development councils, federally recognized
4 Indian tribes, work force development councils, and educational
5 institutions. Applicants should also include participants from the
6 local business community.

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

9 (c) Grant money may be used to fund organizational activities
10 necessary to develop the partnership's regional economic development
11 and industry cluster strategies, and related marketing strategies.
12 Administrative costs are limited to ten percent of any appropriation
13 for the purposes of this act.

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

15 (e) A maximum of one hundred thousand dollars total can go to King,
16 Pierce, Kitsap, and Snohomish counties combined.

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

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

23 NEW SECTION. **Sec. 3.** The sum of six hundred thousand dollars, or
24 as much thereof as may be necessary, is appropriated for the fiscal
25 year ending June 30, 2007, from the general fund to the department of
26 community, trade, and economic development for the purposes of this
27 act.

--- END ---