
SECOND SUBSTITUTE HOUSE BILL 2498

State of Washington 59th Legislature 2006 Regular Session

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

READ FIRST TIME 02/08/06.

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

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

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

5 (a) Washington's quality of life, standard of living, and social
6 and economic opportunity all depend on the vitality of the state's
7 economy;

8 (b) Economic development tries to reinforce the natural way by
9 which strong foundations in the areas of human resources, capital
10 resources, technology, tax and regulatory, advanced physical
11 infrastructure, information and communication infrastructure, and
12 quality of life strengthen the economy;

13 (c) The strength and vitality of the state's economy depends on the
14 competitiveness of the state's industry clusters;

15 (d) Industry clusters can become a powerful magnet for businesses
16 to locate in an area and create a spawning ground for start-up
17 companies;

18 (e) Industry clusters create large, diverse pools of experienced

1 workers, attract suppliers who tend to congregate in their vicinity for
2 increased efficiency, and foster a competitive spirit that stimulates
3 growth and innovative strategic alliances; and

4 (f) The state must first identify and understand the industry
5 clusters before strategies can be developed to enhance their
6 competitive position in the world.

7 (2) It is the intent of the legislature to establish an industry
8 cluster-based approach to economic development as a component of a
9 statewide strategy to address economic growth and quality of life
10 issues.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW
12 to read as follows:

13 (1) The department of community, trade, and economic development,
14 or its successor agency, shall work with industry associations and
15 organizations to identify industry clusters on a regional and statewide
16 basis. The industry clusters may include, but are not limited to,
17 aerospace, agriculture, food processing, forest products, business
18 services, financial services, health and biomedical, software, digital
19 and interactive media, transportation and distribution, and
20 microelectronics.

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

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

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

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

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

36 (a) Applicants must include organizations from at least two
37 counties. Eligible organizations include, but are not limited to,

1 local governments, economic development councils, chambers of commerce,
2 federally recognized Indian tribes, work force development councils,
3 and educational institutions. Applicants should also include
4 participants from the local business community.

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

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

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

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

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

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

21 NEW SECTION. **Sec. 3.** The department of community, trade, and
22 economic development shall report to the governor and the fiscal and
23 economic development committees of the house and senate no later than
24 January 1, 2008, on the results of the activities undertaken under
25 section 2 of this act. The report shall include, but not be limited
26 to:

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

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

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

35 (4) A list containing information on applicants and grant awards
36 under section 2(3) of this act, a description of the process used for

1 solicitation of grant applications, and the criteria used in the
2 selection of grantees.

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