
SUBSTITUTE SENATE BILL 5755

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on International Trade & Economic Development
(originally sponsored by Senators Sheldon, Shin and Delvin)

READ FIRST TIME 03/02/05.

1 AN ACT Relating to small business incubator program grants; and
2 amending RCW 43.176.010, 43.176.020, 43.176.030, 43.176.040, and
3 43.176.901.

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

5 **Sec. 1.** RCW 43.176.010 and 2004 c 237 s 1 are each amended to read
6 as follows:

7 It is hereby declared to be the policy of the state of Washington
8 to assist in the creation and expansion of innovative small commercial
9 enterprises that produce marketable goods and services through the
10 employment of Washington residents, the use of technology, and the
11 application of best management practices. This policy is to be
12 implemented through the ((use)) support of qualified small business
13 incubator((s)) programs.

14 **Sec. 2.** RCW 43.176.020 and 2004 c 237 s 2 are each amended to read
15 as follows:

16 The definitions in this section apply throughout this chapter
17 unless the context clearly requires otherwise.

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

- 1 (a) Space for start-up and expanding firms;
2 (b) The shared use of equipment and work areas;
3 (c) Daily management support services essential to high-quality
4 commercial operations; and
5 (d) Technical assistance.

6 (2) "Qualified small business incubator program" means ~~((an~~
7 ~~incubator))~~ a program that ~~((is))~~:

8 (a) Provides advice and assistance to start-up firms to help them
9 establish and accelerate their growth and success;

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

15 ~~((b))~~ (c) Is focused on developing small businesses in an
16 economically distressed or disadvantaged area; and

17 ~~((e))~~ (d) Is structured around a sound business plan which
18 includes the following criteria:

19 (A) Affordability. The incubator program can be supported through
20 available funding sources and is affordable for the businesses proposed
21 to be served;

22 (B) Quality. The incubator program provides support services and
23 facilities at a high level of quality that reflects well on the
24 community as a whole;

25 (C) Sustainability. The incubator program generates a continuing
26 stream of incubator clients that graduate from the incubator program as
27 successful businesses and permanently locate within the region; and

28 (D) Efficiency. The incubator program provides facilities and
29 programs that are efficient and cost-effective and that continue to
30 operate within the financial resources available.

31 **Sec. 3.** RCW 43.176.030 and 2004 c 237 s 3 are each amended to read
32 as follows:

33 (1) The ~~((small business incubator program is created in the))~~
34 department of community, trade, and economic development is to
35 distribute grants to provide start-up and operating assistance to
36 qualified small business ~~((incubators))~~ incubator programs.

1 (2) The department shall award grants to qualified small business
2 incubator (~~(organizations)~~) programs for:

3 (a) Construction and equipment costs, up to a maximum of three
4 million dollars per recipient; and

5 (b) Provision of technical assistance to small businesses, up to a
6 maximum of one hundred twenty-five thousand dollars per year per
7 recipient.

8 (3) The department shall:

9 (a) Require a grant recipient to show that it has the resources to
10 complete the project in a timely manner and the state grant is not the
11 sole source of funds;

12 (b) Develop, in conjunction with the Washington association of
13 small business incubators, criteria for receipt of grant funds,
14 including criteria related to organizational capacity, community need,
15 and the availability of other economic development resources;

16 (c) Accept and receive grants, gifts, and pledges of funds for the
17 support of the qualified small business incubator program, which shall
18 be deposited in the small business incubator account established in RCW
19 43.176.040; (~~and~~)

20 (d) Integrate the promotion of small business incubators as
21 economic development tools in its strategic plan; and

22 (e) Require a grant recipient receiving funds for construction
23 costs to have a feasibility study performed by a qualified vendor.

24 **Sec. 4.** RCW 43.176.040 and 2004 c 237 s 4 are each amended to read
25 as follows:

26 The small business incubator account is created in the custody of
27 the state treasurer. All money received for (~~the~~) qualified small
28 business incubator programs under RCW 43.176.030 must be deposited in
29 the account. Expenditures from the account may be used only for
30 (~~the~~) qualified small business incubator programs and related
31 administrative expenses. Only the director of the department of
32 community, trade, and economic development or the director's designee
33 may authorize expenditures from the account. The account is subject to
34 the allotment procedures under chapter 43.88 RCW, but an appropriation
35 is not required for expenditures.

1 **Sec. 5.** RCW 43.176.901 and 2004 c 237 s 6 are each amended to read
2 as follows:

3 The department of community, trade, and economic development shall
4 have no duty to provide services related to the small business
5 incubator and entrepreneurship assistance act of 2004 unless and until
6 the qualified small business incubator program grants and related
7 administrative expenses are funded by the legislature.

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