

2SSB 5995 - H COMM AMD

By Committee on Community & Economic Development & Trade

NOT ADOPTED 04/12/2007

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 43.162.005 and 2003 c 235 s 1 are each amended to  
4 read as follows:

5 The legislature finds that Washington's innovation and trade-driven  
6 economy has provided tremendous opportunities for citizens of the  
7 state, but that there is no guarantee that globally competitive firms  
8 will continue to grow and locate in the state. The current economic  
9 development system is fragmented among numerous programs, councils,  
10 centers, and organizations with inadequate overall coordination and  
11 insufficient guidance built into the system to ensure that the system  
12 is responsive to its customers. The current economic development  
13 system's data-gathering and evaluation methods are inconsistent and  
14 unable to provide adequate information for determining how well the  
15 system is performing on a regular basis so the system may be held  
16 accountable for its outcomes.

17 The legislature also finds that developing ~~((an effective))~~ a  
18 comprehensive economic development ~~((strategy for the state and~~  
19 ~~operating))~~ strategic plan to guide the operation of effective economic  
20 development programs, including workforce training, infrastructure  
21 development, small business assistance, technology transfer, and export  
22 assistance, ~~((are))~~ is vital to the state's efforts to increase the  
23 competitiveness of state businesses, encourage employment growth,  
24 increase state revenues, and generate economic well-being. ~~((In~~  
25 ~~addition, the legislature finds that))~~ There is a need for responsive  
26 and consistent involvement of the private sector in the state's  
27 economic development efforts. The legislature finds that there is a  
28 need for the development of coordination criteria for business  
29 recruitment, expansion, and retention activities carried out by the  
30 state and local entities. It is the intent of the legislature to

1 create an economic development commission that will (~~develop and~~  
2 ~~update the state's economic development strategy and performance~~  
3 ~~measures and provide advice to and oversight of the department of~~  
4 ~~community, trade, and economic development~~) provide planning,  
5 coordination, evaluation, monitoring, and policy analysis and  
6 development for the state economic development system as a whole, and  
7 advice to the governor and legislature concerning the state economic  
8 development system.

9 **Sec. 2.** RCW 43.162.010 and 2003 c 235 s 2 are each amended to read  
10 as follows:

11 (1) The Washington state economic development commission is  
12 established to oversee the economic development strategies and policies  
13 of the department of community, trade, and economic development.

14 (2)(a) The Washington state economic development commission shall  
15 consist of (~~at least seven and no more than nine~~) eleven voting  
16 members appointed by the governor with the consent of the senate as  
17 follows: Six representatives of the private sector, one representative  
18 of labor, one representative of port districts, one representative of  
19 a four-year state public institution of higher education, one  
20 representative of a state community or technical college, and one  
21 representative of associate development organizations. The director of  
22 the department of community, trade, and economic development, the  
23 director of the workforce training and education coordinating board,  
24 the commissioner of the employment security department, and the chairs  
25 of the standing committees of the house of representatives and the  
26 senate overseeing economic development policies shall serve as  
27 nonvoting ex officio members.

28 The chair of the commission shall be a voting member selected by  
29 the governor with the consent of the senate, and shall serve at the  
30 pleasure of the governor. In selecting the chair, the governor shall  
31 seek a person who understands the future economic needs of the state  
32 and nation and the role the state's economic development system has in  
33 meeting those needs. Each member of the commission may appoint a  
34 designee to function in his or her place and designees appointed by a  
35 voting member shall have the right to vote.

36 (b) In making the appointments, the governor shall consult with  
37 organizations that have an interest in economic development, including,

1 but not limited to, industry associations, labor organizations,  
2 minority business associations, economic development councils, chambers  
3 of commerce, port associations, tribes, and the chairs of the  
4 legislative committees with jurisdiction over economic development.

5 (c) The members shall be representative of the geographic regions  
6 of the state, including eastern and central Washington, as well as  
7 represent the ethnic diversity of the state. (~~Representation shall~~  
8 ~~derive primarily from the~~) Private sector(~~(, including, but not~~  
9 ~~limited to,)~~) members shall represent existing and emerging industries,  
10 small businesses, women-owned businesses, and minority-owned  
11 businesses(~~(, but other sectors of the economy that have experience in~~  
12 ~~economic development, including labor organizations and nonprofit~~  
13 ~~organizations, shall be represented as well. A minimum of seventy five~~  
14 ~~percent of the members shall represent the private sector)~~). Members  
15 of the commission shall serve statewide interests while preserving  
16 their diverse perspectives, and shall be recognized leaders in their  
17 fields with demonstrated experience in economic development or  
18 disciplines related to economic development.

19 (3) Members appointed by the governor shall serve at the pleasure  
20 of the governor for three-year terms(~~(, except that through June 30,~~  
21 ~~2004, members currently serving on the economic development commission~~  
22 ~~created by executive order may continue to serve at the pleasure of the~~  
23 ~~governor. Of the initial members appointed to serve after June 30,~~  
24 ~~2004, two members shall serve one year terms, three members shall serve~~  
25 ~~two year terms, and the remainder of the commission members shall serve~~  
26 ~~three year terms)~~).

27 (4) (~~The commission chair shall be selected from among the~~  
28 ~~appointed members by the majority vote of the members.~~

29 ~~(5)~~) The commission may establish committees as it desires, and  
30 may invite nonmembers of the commission to serve as committee members.

31 (5) The executive director of the commission shall be appointed by  
32 the governor with the consent of the voting members of the commission.  
33 The governor may dismiss the executive director only with the approval  
34 of a majority vote of the commission. The commission, by a majority  
35 vote, may dismiss the executive director with the approval of the  
36 governor.

37 (6) The commission may adopt rules for its own governance.

1        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 43.162 RCW  
2 to read as follows:

3        (1)    The commission shall employ an executive director.    The  
4 executive director shall serve as chief executive officer of the  
5 commission and shall administer the provisions of this chapter, employ  
6 such personnel as may be necessary to implement the purposes of this  
7 chapter, utilize staff of existing operating agencies to the fullest  
8 extent possible, and employ outside consulting and service agencies  
9 when appropriate.

10        (2)    The executive director may not be the chair of the commission.

11        (3)    The executive director shall appoint necessary staff who shall  
12 be exempt from the provisions of chapter 41.06 RCW.    The executive  
13 director's appointees shall serve at the executive director's pleasure  
14 on such terms and conditions as the executive director determines but  
15 subject to chapter 42.52 RCW.

16        (4)    The executive director shall appoint and employ such other  
17 employees as may be required for the proper discharge of the functions  
18 of the commission.

19        (5)    The executive director shall exercise such additional powers,  
20 other than rule making, as may be delegated by the commission.

21        **Sec. 4.**    RCW 43.162.020 and 2003 c 235 s 3 are each amended to read  
22 as follows:

23        The Washington state economic development commission shall  
24 ~~((perform the following duties:~~

25        ~~(1) Review and periodically update the state's economic development~~  
26 ~~strategy, including implementation steps, and performance measures, and~~  
27 ~~perform an annual evaluation of the strategy and the effectiveness of~~  
28 ~~the state's laws, policies, and programs which target economic~~  
29 ~~development;~~

30        ~~(2) Provide policy, strategic, and programmatic direction to the~~  
31 ~~department of community, trade, and economic development regarding~~  
32 ~~strategies to:~~

33        ~~(a) Promote business retention, expansion, and creation within the~~  
34 ~~state;~~

35        ~~(b) Promote the business climate of the state and stimulate~~  
36 ~~increased national and international investment in the state;~~

37        ~~(c) Promote products and services of the state;~~

1 ~~(d) Enhance relationships and cooperation between local~~  
2 ~~governments, economic development councils, federal agencies, state~~  
3 ~~agencies, and the legislature;~~

4 ~~(e) Integrate economic development programs, including work force~~  
5 ~~training, technology transfer, and export assistance; and~~

6 ~~(f) Make the funds available for economic development purposes more~~  
7 ~~flexible to meet emergent needs and maximize opportunities;~~

8 ~~(3) Identify policies and programs to assist Washington's small~~  
9 ~~businesses;~~

10 ~~(4) Assist the department of community, trade, and economic~~  
11 ~~development with procurement and deployment of private funds for~~  
12 ~~business development, retention, expansion, and recruitment as well as~~  
13 ~~other economic development efforts;~~

14 ~~(5) Meet with the chairs and ranking minority members of the~~  
15 ~~legislative committees from both the house of representatives and the~~  
16 ~~senate overseeing economic development policies; and~~

17 ~~(6) Make a biennial report to the appropriate committees of the~~  
18 ~~legislature regarding the commission's review of the state's economic~~  
19 ~~development policy, the commission's recommendations, and steps taken~~  
20 ~~by the department of community, trade, and economic development to~~  
21 ~~implement the recommendations. The first report is due by December 31,~~  
22 ~~2004)):~~

23 (1) Concentrate its major efforts on planning, coordination,  
24 evaluation, policy analysis, and recommending improvements to the  
25 state's economic development system;

26 (2) Develop and maintain on a biennial basis a state comprehensive  
27 plan for economic development, including but not limited to goals,  
28 objectives, and priorities for the state economic development system;  
29 identify the elements local associate development organizations must  
30 include in their countywide economic development plans; and review the  
31 state system for consistency with the state comprehensive plan. In  
32 developing the state comprehensive plan for economic development, the  
33 commission shall use, but may not be limited to: Economic, labor  
34 market, and populations trend reports in office of financial management  
35 forecasts; the annual state economic climate report prepared by the  
36 economic climate council; joint office of financial management and  
37 employment security department labor force, industry employment, and  
38 occupational forecasts; the results of scientifically based outcome

1 evaluations; the needs of industry associations, industry clusters,  
2 businesses, and employees as evidenced in formal surveys and other  
3 input;

4 (3) Establish and maintain an inventory of the programs of the  
5 state economic development system and related state programs; perform  
6 a biennial assessment of the ongoing and strategic economic development  
7 needs of the state; and assess the extent to which the economic  
8 development system and related programs represent a consistent,  
9 coordinated, efficient, and integrated approach to meet such needs;

10 (4)(a) Periodically review for consistency with the state  
11 comprehensive plan for economic development the policies and plans  
12 established for:

13 (i) Business and technical assistance by the small business  
14 development center, the Washington manufacturing service, the  
15 Washington technology center, associate development organizations, the  
16 department of community, trade, and economic development, and the  
17 office of minority and women-owned business enterprises;

18 (ii) Export assistance by the small business export finance  
19 assistance center, the international marketing program for agricultural  
20 commodities and trade, the department of agriculture, the center for  
21 international trade in forest products, associate development  
22 organizations, and the department of community, trade, and economic  
23 development; and

24 (iii) Infrastructure development by the department of community,  
25 trade, and economic development and the department of transportation;  
26 and

27 (b) Review and make recommendations to the office of financial  
28 management and the legislature on budget requests and legislative  
29 proposals relating to the state economic development system for  
30 purposes of consistency with the state comprehensive plan for economic  
31 development;

32 (5) Provide for coordination among the different agencies,  
33 organizations, and components of the state economic development system  
34 at the state level and at the regional level;

35 (6) Advocate for the state economic development system and for  
36 meeting the needs of industry associations, industry clusters,  
37 businesses, and employees;

1       (7) Identify partners and develop a plan to develop a consistent  
2 and reliable database on participation rates, costs, program  
3 activities, and outcomes from publicly funded economic development  
4 programs in this state by January 1, 2011.

5       (a) In coordination with the development of the database, the  
6 commission shall establish standards for data collection and  
7 maintenance for providers in the economic development system in a  
8 format that is accessible to use by the commission. The commission  
9 shall require a minimum of common core data to be collected by each  
10 entity providing economic development services with public funds and  
11 shall develop requirements for minimum common core data in consultation  
12 with the economic climate council, the office of financial management,  
13 and the providers of economic development services;

14       (b) The commission shall establish minimum common standards and  
15 metrics for program evaluation of economic development programs, and  
16 monitor such program evaluations; and

17       (c) The commission shall, beginning no later than January 1, 2012,  
18 periodically administer, based on a schedule established by the  
19 commission, scientifically based outcome evaluations of the state  
20 economic development system including, but not limited to, surveys of  
21 industry associations, industry cluster associations, and businesses  
22 served by publicly funded economic development programs; matches with  
23 employment security department payroll and wage files; and matches with  
24 department of revenue tax files;

25       (8) Evaluate proposals for expenditure from the economic  
26 development strategic reserve account and recommend expenditures from  
27 the account; and

28       (9) Produce a biennial report to the governor and the legislature  
29 on progress by the commission in coordinating the state's economic  
30 development system and meeting the other obligations of this chapter,  
31 as well as include recommendations for any statutory changes necessary  
32 to enhance operational efficiencies or improve coordination.

33       The commission may delegate to the director any of the functions of  
34 this section.

35       NEW SECTION. Sec. 5. (1) The commission must develop and update  
36 a state comprehensive plan for economic development and an initial

1 inventory of economic development programs, as required under section  
2 4 of this act, by June 30, 2008.

3 (2) Using the information from the inventory, public input, and  
4 such other information as it deems appropriate, the commission shall,  
5 by September 1, 2008, provide a report with findings, analysis, and  
6 recommendations to the governor and the legislature on the appropriate  
7 state role in economic development and the appropriate administrative  
8 and regional structures for the provision of economic development  
9 services. The report shall address how best to organize the state  
10 system to ensure that the state's economic development efforts:

11 (a) Are organized around a clear central mission and aligned with  
12 the state's comprehensive plan for economic development;

13 (b) Are capable of providing focused and flexible responses to  
14 changing economic conditions;

15 (c) Generate greater local capacity to respond to local  
16 opportunities and needs;

17 (d) Face no administrative barriers to efficiency and  
18 effectiveness;

19 (e) Maximize results through partnerships and the use of  
20 intermediaries; and

21 (f) Provide increased accountability to the public, the executive  
22 branch, and the legislature.

23 (3) The report should address the potential value of creating or  
24 consolidating specific programs if doing so would be consistent with an  
25 agency's core mission, and the potential value of removing specific  
26 programs from an agency if the programs are not central to the agency's  
27 core mission.

28 **Sec. 6.** RCW 43.162.030 and 2003 c 235 s 4 are each amended to read  
29 as follows:

30 ~~((1) The Washington state economic development commission shall  
31 receive the necessary staff support from the staff resources of the  
32 governor, the department of community, trade, and economic development,  
33 and other state agencies as appropriate, and within existing resources  
34 and operations.~~

35 ~~(2))~~ Creation of the Washington state economic development  
36 commission shall not be construed to modify any authority or budgetary



1 responsibility of the governor or the department of community, trade,  
2 and economic development.

3 **Sec. 7.** RCW 82.33A.010 and 1998 c 245 s 168 are each amended to  
4 read as follows:

5 (1) The economic climate council is hereby created.

6 (2) The council shall, in consultation with the Washington economic  
7 development commission, select a series of ~~((no more than ten))~~  
8 benchmarks that characterize the competitive environment of the state.  
9 The benchmarks should be indicators of the cost of doing business; the  
10 education and skills of the work force; a sound infrastructure; and the  
11 quality of life. In selecting the appropriate benchmarks, the council  
12 shall use the following criteria:

13 (a) The availability of comparative information for other states  
14 and countries;

15 (b) The timeliness with which benchmark information can be  
16 obtained; and

17 (c) The accuracy and validity of the benchmarks in measuring the  
18 economic climate indicators named in this section.

19 (3) Each year the council shall prepare an official state economic  
20 climate report on the present status of benchmarks, changes in the  
21 benchmarks since the previous report, and the reasons for the changes.  
22 The reports shall include current benchmark comparisons with other  
23 states and countries, and an analysis of factors related to the  
24 benchmarks that may affect the ability of the state to compete  
25 economically at the national and international level.

26 (4) All agencies of state government shall provide to the council  
27 immediate access to all information relating to economic climate  
28 reports.

29 **Sec. 8.** RCW 82.33A.020 and 1996 c 152 s 4 are each amended to read  
30 as follows:

31 ~~((1))~~ The economic climate council shall ~~((create an advisory~~  
32 ~~committee to assist the council))~~ consult with the Washington economic  
33 development commission in selecting benchmarks and developing economic  
34 climate reports and benchmarks. The ~~((advisory committee))~~ commission  
35 shall provide for a process to ensure public participation in the  
36 selection of the benchmarks. ~~((The advisory committee shall consist of~~

1 no more than seven members. At least two of the members of the  
2 advisory committee shall have experience in and represent business, and  
3 at least two of the members shall have experience in and represent  
4 labor. All of the members of the advisory committee shall have special  
5 expertise and interest in the state's economic climate and competitive  
6 strategies. Appointments to the advisory committee shall be  
7 recommended by the chair of the council and approved by a two-thirds  
8 vote of the council. The chair of the advisory committee shall be  
9 selected by the members of the committee.

10 (2) The advisory committee shall meet as determined by the chair of  
11 the committee until September 30, 1996, and shall meet at least twice  
12 per year thereafter in advance of the economic climate reports due on  
13 March 31st and September 30th of each year.

14 (3) Members of the advisory council shall serve without  
15 compensation but shall be reimbursed for travel expenses in accordance  
16 with RCW 43.03.050 and 43.03.060 while attending meetings of the  
17 advisory committee, sessions of the economic climate council, or on  
18 official business authorized by the council.))"

19 Correct the title.

EFFECT: (1) Retains the Economic Development Commission  
(Commission) in the Department of Community, Trade, and Economic  
Development (DCTED).

(2) Directs the Commission to review, not monitor, other agencies  
and programs for consistency with the state comprehensive plan for  
economic development.

(3) Eliminates the requirement that the Commission work with the  
Workforce Training and Education Coordinating Board to ensure the  
alignment of the state comprehensive plan for economic development with  
the state comprehensive plan for workforce development.

(4) Directs the Commission to identify partners and develop a plan  
for a database by January 1, 2011.

(5) Directs the Commission to periodically administer a  
scientifically based outcome evaluation for the state economic system  
beginning no later than January 1, 2012.

(6) Requires the Commission to develop and update a state  
comprehensive plan for economic development and an inventory of state  
economic development programs by June 30, 2008.

(7) Requires the Commission to report to the Legislature and the  
Governor on the findings, analysis, and recommendations on the

appropriate state role in economic development and the appropriate administrative and regional structure for the provision of economic development services by September 1, 2008.

(8) Directs that the Chair of the Commission must be selected from the voting members of the Commission and appointed by the Governor, with the consent of the Senate.

(9) Removes the requirement that the Governor must select the Executive Director from a list of candidates submitted by the Commission.

(10) Requires the Economic Climate Council to consult with the Commission when selecting benchmarks. Eliminates current Economic Climate Council Advisory Committee.

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