

# SENATE BILL REPORT

## E2SHB 2658

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As Reported by Senate Committee On:  
Economic Development, Trade & Innovation, February 25, 2010  
Ways & Means, March 1, 2010

**Title:** An act relating to refocusing the mission of the department of commerce, including transferring programs.

**Brief Description:** Refocusing the department of commerce, including transferring programs.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Kenney, Maxwell, McCoy and Morrell; by request of Washington State Department of Commerce).

**Brief History:** Passed House: 2/13/10, 56-38.

**Committee Activity:** Economic Development, Trade & Innovation: 2/18/10, 2/25/10 [DPA-WM].

Ways & Means: 3/01/10 [DPA].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide and Kilmer.

**Staff:** Jack Brummel (786-7428)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kline, McDermott, Murray, Oemig, Parlette, Pridemore, Rockefeller and Schoesler.

**Staff:** Richard Ramsey (786-7412)

**Background:** The Legislature changed the name of the Department of Community, Trade and Economic Development to the Department of Commerce (Department) in 2009 and

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directed the agency to collaborate with others and make a report with recommendations on statutory changes to ensure that the Department's efforts, among other things:

- organize around a concise core mission;
- align with the state's comprehensive plan for economic development;
- generate greater local capacity to respond to local opportunities and needs;
- maximize results through partnerships and the use of intermediaries; and
- provide increased accountability.

The report was also to include recommendations for creating, consolidating, transferring, or terminating programs based on the Department's core mission.

The Department submitted a report that set forth a mission of growing and improving jobs and outlined program transfers that help advance its mission.

**Summary of Bill (Recommended Amendments):** The mission of the Department is to grow and improve jobs in Washington and facilitate innovation. The Department is to provide business assistance and economic development services through sector-based, cluster-based, and regional partners. The Department is to examine agricultural commodity commissions as a model for self-financing systems for addressing industry identified needs.

Programs related to independent youth housing, housing assistance for persons with mental illness, crime victims' advocacy and sexual assault services, community mobilization against substance abuse and violence, and the long-term care ombudsman are transferred out of the Department of Commerce subject to a decision by the Governor to delay the transfer or transfer to an agency other than the one specified in the bill.

The County Public Health Assistance program and the Developmental Disabilities Endowment Trust are transferred to the Department of Health.

The Community Mobilization program, the Housing Assistance for Persons with Mental Illness Program, and the Independent Youth Housing Program, are transferred to the Department of Social and Health Services.

The Office of Crime Victims Advocacy and related grant and assistance programs are transferred to the Department of Labor and Industries.

The Energy Facility Site Evaluation Council is transferred to the Utilities and Transportation Commission (UTC).

The Office of the State Long-term Care Ombudsman is transferred to the Office of Financial Management.

The State Building Code Council is transferred to the Department of General Administration.

The Drug Prosecution Assistance Program is transferred to the Criminal Justice Training Commission.

The goals of the state's energy strategy are to:

- maintain fair and competitive energy prices;
- increase competitiveness by fostering a clean energy economy and jobs; and
- meet the state's obligations to reduce greenhouse gas emissions.

Principles to meet these goals are established and the Department is to produce an updated state energy strategy and implementation report by December 1, 2010, December 1, 2011, and every five years thereafter. The Legislature is to approve or recommend changes to the strategy, report, and updates by concurrent resolution.

The Municipal Research Council is abolished and the Department is to assume its duties of contracting for municipal research and services to cities, towns, counties, and special purpose districts.

Department staff administering innovation and policy functions are exempt from provisions of the state civil service code.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments):** Technical amendments were made.

**EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Amendments):** Provisions relating to small business assistance, establishing a division for community services and housing, and planning for a new community services and housing agency are removed.

Provisions relating to providing business and economic development assistance through sector-based, cluster-based, and regionally-based organizations are added.

Programs related to independent youth housing, housing assistance for persons with mental illness, crime victims' advocacy and sexual assault services, community mobilization against substance abuse and violence, and the long-term care ombudsman are transferred out of the Department of Commerce subject to a decision by the Governor to delay the transfer or transfer to an agency other than the one specified in the bill.

Provisions related to energy planning and the state energy strategy are changed.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 15, 2010.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2010.

**Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Economic Development, Trade & Innovation):** PRO: This directs the Department to create a central point for small businesses. It requires a division for community services and housing programs. The Department is to update the 17-year-old energy strategy. The Office of Crime Victims Advocacy does not fit well with DSHS or L&I. The Independent Youth

Housing Program doesn't fit DSHS. The Office of the State Ombudsman is independent and doesn't align with OFM. The issue is where should community-based programs have a home. The preference is that they stay together. There should be a good process to decide where these programs should be just as there was a good process to decide where they shouldn't be.

OTHER: The Senate version is preferred because it focuses on a core mission and produces a leaner agency with narrow objectives. The Department recommends transferring ten programs, gaining better mission alignment. The bill prescribes the creation of a division; the Department prefers more flexibility.

**Persons Testifying (Economic Development, Trade & Innovation):** PRO: Representative Kenney, prime sponsor; Chris McCabe, AWB; Lonnie Johns-Brown, WA Coalition of Sexual Assault Programs; Seth Dawson, WA State Assn. for Community Action; Anna Shelton, Resolution Washington; Nick Federici, WA Low Income Housing Alliance; Louise Ryan, Long-term Care Ombudsman; Laurie Lippold, Mockingbird Society; Toby Guevin, One America.

OTHER: Nick Demerice, Department of Commerce; Bryce Yadon, WA Economic Development Assn.

**Staff Summary of Public Testimony (Ways & Means):** No public hearing was held.

**Persons Testifying (Ways & Means):** N/A.