

SENATE BILL REPORT

SB 6667

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 1, 2010
Ways & Means, February 8, 2010

Title: An act relating to business assistance programs.

Brief Description: Concerning business assistance programs.

Sponsors: Senators Kauffman and Kastama.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/21/10, 2/01/10 [DPS-WM, w/oRec].

Ways & Means: 2/05/10, 2/08/10 [DP2S, w/oRec].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 6667 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Eide and Kilmer.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Delvin and McCaslin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6667 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Pridemore, Regala and Rockefeller.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Brandland, Carrell, Hewitt, Honeyford, Parlette, Pflug and Schoesler.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Richard Ramsey (786-7412)

Background: Washington has a number of programs that provide technical assistance to businesses. Every county in the state has an Associate Development Organization that receives funds through the Department of Commerce (department) to provide business assistance and support for regional economic research and regional planning efforts. The Washington Small Business Development Center (SBDC) provides assistance, training, and support services to small businesses and entrepreneurs at 24 locations. The SBDC is to coordinate the delivery of services to avoid duplication.

The Washington Technology Center (WTC) has operated a small business innovation research assistance program to assist small businesses in becoming recipients of federal small business innovation research grants. The Investing in Innovation Grants Program, administered by WTC, was established in 2003, but was not funded. The program is intended to make research grant awards and commercialization grant awards that will create jobs and business opportunities.

The Washington Quality Award Council (WQAC) was created in 1994 to promote a commitment to quality improvement and oversee the Washington State Quality Award Program. The WQAC is authorized to conduct public information, research, education, and assistance programs to further quality improvements in the state. The Washington Manufacturing Innovation and Modernization Extension Service program (MIMES), administered by the department, was created in 2009 to allow Impact Washington (formerly Washington Manufacturing Services) to provide assistance to small manufacturers in a manner that reduces the up-front costs of manufacturing extension services.

Summary of Bill (Recommended Second Substitute): The department is to operate the Washington Entrepreneurial and Small Business Reference Service. Working with the Workforce Development Board and the Economic Development Commission, the department is to keep an inventory of the entrepreneurial training and small business technical assistance resources in the state, share information about such resources, and evaluate the extent to which the service programs represent an effective and integrated approach to meeting the needs of start-up and existing entrepreneurs. The department is also to assist service providers in seeking funding for their entrepreneurial and small business assistance activities and distribute awards for excellence in entrepreneurial training and assistance. The department is to make recommendations for ways to improve operations or coordination related to entrepreneurial development and small business assistance and may appoint an advisory board.

In carrying out its coordination function, the SBDC is to develop a state comprehensive plan for the coordination and integration of small business and entrepreneurial development programs, and the operations of a statewide small business and entrepreneurial development system. The SBDC is to advocate for the system and the needs of small start-ups and existing entrepreneurs and identify ways to reduce barriers to efficient assistance delivery and coordination. The SBDC is also to develop entrepreneurial training and small business assistance instructional materials and curricula for rural and low-income communities and small manufacturers interested in exporting.

The WTC's small business innovation research assistance program is expanded to include assisting companies applying for federal technology innovation program awards. The investing in innovation account is created with monies from federal, state, and private sources; funds are to be used to operate the WTC's Investing in Innovation Grants Program.

The WQAC must provide training to business assistance providers in continuous quality improvement, performance measurement, strategic planning, and other approaches to improve business operations. The WQAC is also to provide services to organizations, agencies, and businesses to allow them to develop and implement quality management, accountability, and performance systems.

The MIME's termination date is extended five years to June, 30, 2017.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): The appropriations are removed. The business and occupation tax credit is removed. Additional requirements of the department are made subject to appropriation.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended First Substitute): The Washington State Microenterprise Association is added to the list of those from whom the department must seek advice. A business and occupation tax credit is allowed for participants in the MIMES program. SBDC compliance with state directives will be consistent with federal requirements.

Appropriation: None.

Fiscal Note: Requested on January 19, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Economic Development, Trade & Innovation): PRO: This assures that people looking for technical assistance could have a place to go. This would improve coordination. It is important to invest in small businesses to create jobs. This will allow MIMES to assist companies in making up-front investments. A \$10,000 investment in MIMES creates one job – this is one of the best ratios. Businesses getting quality and process improvement assistance have increase return on investment and productivity. This bill's investment will produce long-term results.

OTHER: WA State Microenterprise Association would like to be included in the bill and would like to not have their budget cut.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Senator Kauffman, prime sponsor; John Vicklund, Impact WA; Jennifer Sprecher, WA State Quality Award; Scott Hazelgrove, WA Technology Center; John Gardner, WSU.

OTHER: Teresa Lemmons, WA State Microenterprise Association.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): PRO: This bill puts the department in charge of bringing small business assistance groups together. It improves the coordination among small business assistance programs. The biggest challenge for today's manufacturer is finding capital to invest in their business for employee training, process improvement and innovation; this bill helps solve that challenge. The additional funding for the Washington Technology Center is welcome as both nominal and real funding has declined since 1990.

Persons Testifying (Ways & Means): PRO: Senator Kauffman, prime sponsor; Ron Newbry, Impact Washington; Scott Hazelgrove, Washington Technology Center.