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SENATE BILL 6667

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State of Washington

61st Legislature

2010 Regular Session

By Senators Kauffman and Kastama

Read first time 01/20/10. Referred to Committee on Economic Development, Trade & Innovation.

1 AN ACT Relating to business assistance programs; amending RCW  
2 28B.30.530, 28B.20.297, 43.06.335, 43.338.020, 43.131.409, and  
3 43.131.410; reenacting and amending RCW 43.84.092; adding a new section  
4 to chapter 43.330 RCW; adding a new section to chapter 28B.20 RCW;  
5 creating a new section; and making appropriations.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330 RCW  
8 to read as follows:

9 (1) The Washington entrepreneurial development and small business  
10 reference service is created in the department of commerce.

11 (2) The department must:

12 (a) In conjunction with and drawing on information compiled by the  
13 work force training and education coordinating board and the Washington  
14 economic development commission:

15 (i) Establish and maintain an inventory of the public and private  
16 entrepreneurial training and technical assistance services, programs,  
17 and resources available in the state;

18 (ii) Disseminate information about available entrepreneurial  
19 development and small business assistance services, programs, and

1 resources via in-person presentations and electronic and printed  
2 materials and undertake other activities to raise awareness of  
3 entrepreneurial training and small business assistance offerings; and

4 (iii) Evaluate the extent to which existing entrepreneurial  
5 training and technical assistance programs in the state are effective  
6 and represent a consistent, integrated approach to meeting the needs of  
7 start-up and existing entrepreneurs;

8 (b) Assist providers of entrepreneurial development and small  
9 business assistance services in applying for federal and private  
10 funding to support the entrepreneurial development and small business  
11 assistance activities in the state;

12 (c) Distribute awards for excellence in entrepreneurial training  
13 and small business assistance; and

14 (d) Report to the governor, the economic development commission,  
15 the work force training and education coordinating board, and the  
16 appropriate legislative committees its recommendations for statutory  
17 changes necessary to enhance operational efficiencies or enhance  
18 coordination related to entrepreneurial development and small business  
19 assistance.

20 (3) In carrying out the duties under this section, the department  
21 must seek the advice of small business owners and advocates, the  
22 Washington economic development commission, the work force training and  
23 education coordinating board, the state board for community and  
24 technical colleges, the employment security department, associate  
25 development organizations, impact Washington, the Washington quality  
26 award council, the Washington technology center, the small business  
27 export finance assistance center, the Spokane intercollegiate research  
28 and technology institute, representatives of the University of  
29 Washington business school and the Washington State University college  
30 of business and economics, the office of minority and women's business  
31 enterprises, the Washington economic development finance authority, and  
32 staff from small business development centers.

33 (4) The director may appoint an advisory board or convene such  
34 other individuals or groups as he or she deems appropriate to assist in  
35 carrying out the department's duties under this section.

36 **Sec. 2.** RCW 28B.30.530 and 2009 c 486 s 1 are each amended to read  
37 as follows:

1 (1) The board of regents of Washington State University (~~shall~~)  
2 must establish the Washington State University small business  
3 development center.

4 (2) The center (~~shall~~) must provide management and technical  
5 assistance including but not limited to training, counseling, and  
6 research services to small businesses throughout the state. The center  
7 shall work with the department of (~~community, trade, and economic~~  
8 ~~development~~) commerce, the state board for community and technical  
9 colleges, the higher education coordinating board, the workforce  
10 training and education coordinating board, the employment security  
11 department, the Washington state economic development commission,  
12 associate development organizations, and workforce development councils  
13 to:

14 (a) Integrate small business development centers with other state  
15 and local economic development and workforce development programs;

16 (b) Target the centers' services to small businesses;

17 (c) Tailor outreach and services at each center to the needs and  
18 demographics of entrepreneurs and small businesses located within the  
19 service area;

20 (d) Establish and expand small business development center  
21 satellite offices when financially feasible; and

22 (e) Coordinate delivery of services to avoid duplication. In  
23 carrying out the duty under this subsection, the center must:

24 (i) Develop and maintain a state comprehensive plan for the  
25 coordination and integration of small business and entrepreneurial  
26 development programs and the operations of a statewide small business  
27 and entrepreneurial development system. The plan must include but not  
28 be limited to setting measurable goals, objectives, and priorities;

29 (ii) Advocate for the state's small business and entrepreneurial  
30 development system and for meeting the needs of small start-ups and  
31 existing entrepreneurs;

32 (iii) Work with private and public entrepreneurial development and  
33 small business assistance providers to develop entrepreneurial training  
34 and small business assistance instructional materials and curricula  
35 that meet the particular entrepreneurial development and small business  
36 assistance needs of rural and low-income communities and small  
37 manufacturers interested in exporting; and

1        (iv) Identify policies to reduce administrative and other barriers  
2 to efficient delivery and coordination of small business and  
3 entrepreneurial assistance.

4        (3) The administrator of the center may contract with other public  
5 or private entities for the provision of specialized services.

6        (4) The small business development center may accept and disburse  
7 federal grants or federal matching funds or other funds or donations  
8 from any source when made, granted, or donated to carry out the  
9 center's purposes. When drawing on funds from the business assistance  
10 account created in RCW (~~(30.60.010)~~) 28B.30.531, the center must first  
11 use the funds to make increased management and technical assistance  
12 available to small and start-up businesses at satellite offices. The  
13 funds may also be used to develop and expand assistance programs such  
14 as small business planning workshops and small business counseling.

15        (5) The legislature directs the small business development center  
16 to request United States small business administration approval of a  
17 special emphasis initiative, as permitted under 13 C.F.R. 130.340(c) as  
18 of April 1, 2009, to target assistance to Washington state's smaller  
19 businesses. This initiative would be negotiated and included in the  
20 first cooperative agreement application process that occurs after July  
21 26, 2009.

22        (6) By December 1, 2009, and December 1, 2010, respectively, the  
23 center shall provide a written progress report and a final report to  
24 the appropriate committees of the legislature with respect to the  
25 requirements in subsections (2) and (5) of this section and the amount  
26 and use of funding received through the business assistance account.  
27 The reports must also include data on the number, location, staffing,  
28 and budget levels of satellite offices; affiliations with community  
29 colleges, associate development organizations or other local  
30 organizations; the number, size, and type of small businesses assisted;  
31 and the types of services provided. The reports must also include  
32 information on the outcomes achieved, such as jobs created or retained,  
33 private capital invested, and return on the investment of state and  
34 federal dollars.

35        **Sec. 3.** RCW 28B.20.297 and 2005 c 357 s 1 are each amended to read  
36 as follows:

37        (1) The legislature finds that small technology-based firms are the

1 source of approximately one-half of the economy's major innovations.  
2 The legislature further finds that economic development in the state is  
3 increasingly driven by innovative firms and that it is in the interest  
4 of the state to:

5 (a) Increase participation by Washington state small businesses in  
6 the federal small business innovation research program by assisting  
7 them in becoming small business innovation research program grant  
8 recipients((

9 ~~The legislature further finds that many small business innovators~~  
10 ~~lack the grant writing skills necessary to prepare a successful small~~  
11 ~~business innovation research program proposal, and the federal program~~  
12 ~~that funded grant writing assistance has stopped operations. Nearly~~  
13 ~~fifty percent of small businesses trained under the federal program won~~  
14 ~~grants compared to less than ten percent of those that did not receive~~  
15 ~~training))~~; and

16 (b) Increase the number of innovative firms that understand and  
17 engage in the technology commercialization process by providing  
18 information resources and technical assistance in accessing new  
19 technologies.

20 (2) As used in this section:

21 (a) "Small business innovation research program" means the program,  
22 enacted pursuant to the small business innovation development act of  
23 1982, P.L. 97-219, that provided funds to small businesses to conduct  
24 innovative research having commercial application.

25 (b) "Small business" means a corporation, partnership, sole  
26 proprietorship, or individual, operating a business for profit, with  
27 two hundred fifty employees or fewer, including employees employed in  
28 a subsidiary or affiliated corporation, that otherwise meets the  
29 requirements of the federal small business innovation research program.

30 (3) To the extent funds are appropriated for these purposes, the  
31 Washington technology center ((shall)) must establish a small business  
32 innovation research and assistance program, including a proposal review  
33 process, to train and assist Washington small businesses to win phase  
34 I federal small business innovation research program awards((

35 ~~a))~~ and federal technology innovation program awards. In  
36 operating the program, the Washington technology center ((shall)) must  
37 give priority to first-time small business innovation research program  
38 applicants, new businesses, and firms with fewer than ten employees.

1        ~~((b))~~ (4) The Washington technology center may charge a fee for  
2        ~~((this))~~ its services.

3        (5) The sum of one hundred thousand dollars, or as much thereof as  
4        may be necessary, is appropriated for the fiscal year ending June 30,  
5        2011, from the state general fund for the operation of the assistance  
6        program specified in subsection (3) of this section.

7        NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.20 RCW  
8        to read as follows:

9        The investing in innovation account is created in the custody of  
10       the state treasurer. Funds may be directed to the account from  
11       federal, state, and private sources. Expenditures from the account may  
12       be used only to carry out the investing in innovation grants program  
13       established under RCW 70.210.030, and other innovation and  
14       commercialization purposes consistent with the federal, state, or  
15       private and other funding guidelines that apply to the funds deposited  
16       in the account. Only the executive director of the Washington  
17       technology center or the executive director's designee may authorize  
18       expenditures from the account. The account is subject to allotment  
19       procedures under chapter 43.88 RCW, but an appropriation is not  
20       required for expenditures.

21       **Sec. 5.** RCW 43.06.335 and 2004 c 245 s 1 are each amended to read  
22       as follows:

23       (1) The Washington quality award council ~~((shall))~~ must be  
24       organized as a private, nonprofit corporation, in accordance with  
25       chapter 24.03 RCW and this section.

26       (2) The council ~~((shall))~~ must oversee the governor's Washington  
27       state quality award program. The purpose of the program is to improve  
28       the overall competitiveness of the state's economy by stimulating  
29       Washington state industries, business, and organizations to bring about  
30       measurable success through setting standards of organizational  
31       excellence, encouraging organizational self-assessment, identifying  
32       successful organizations as role models, and providing a valuable  
33       mechanism for promoting and strengthening a commitment to continuous  
34       quality improvement in all sectors of the state's economy. The  
35       governor ~~((shall))~~ must annually present the award to organizations  
36       that improve the quality of their products and services and are

1 noteworthy examples of high-performing work organizations, as  
2 determined by the council in consultation with the governor or  
3 appointed representative.

4 (3) The governor (~~shall~~) must appoint a representative to serve  
5 on the board of directors of the council.

6 (4) The council (~~shall~~) must establish a board of examiners, a  
7 recognition committee, and such other committees or subgroups as it  
8 deems appropriate to carry out its responsibilities.

9 (5) The council may conduct such public information, research,  
10 education, and assistance programs as it deems appropriate to further  
11 quality improvement in organizations operating in the state of  
12 Washington.

13 (6) The council (~~shall~~) must:

- 14 (a) Approve and announce award recipients;
- 15 (b) Approve guidelines to examine applicant organizations;
- 16 (c) Approve appointment of board of examiners; (~~and~~)
- 17 (d) Arrange appropriate annual awards and recognition for  
18 recipients;

19 (e) Provide training to technical assistance providers from the  
20 department of commerce, impact Washington, small business development  
21 centers, associate development organizations, and other organizations  
22 in continuous quality improvement, performance measurement, strategic  
23 planning, and other approaches designed to reduce operating costs,  
24 improve effectiveness, and increase productivity in businesses  
25 receiving assistance; and

26 (f) Offer the services of a public sector and a private sector  
27 manager to conduct conferences, perform outreach, provide training, and  
28 deliver technical assistance to organizations, agencies, and businesses  
29 to allow them to develop and implement quality management,  
30 accountability, and performance systems.

31 (7) The sum of two hundred thousand dollars, or as much thereof as  
32 may be necessary, is appropriated for the fiscal year ending June 30,  
33 2011, from the state general fund to the Washington quality award  
34 council for the operation of its quality award program and the purposes  
35 of this act.

36 **Sec. 6.** RCW 43.338.020 and 2008 c 315 s 3 are each amended to read  
37 as follows:

1 (1) The Washington manufacturing innovation and modernization  
2 extension service program is created to provide assistance to small  
3 manufacturers located in the state of Washington. The program  
4 (~~shall~~) must be administered by the department.

5 (2)(a) Application to receive assistance under this program must be  
6 made to the department in a form and manner specified by the  
7 department. Successful applicants will receive an innovation and  
8 modernization extension voucher from the department to cover the costs  
9 of extension services performed by a qualified manufacturing extension  
10 partnership affiliate. An applicant may not receive a voucher or  
11 vouchers of over two hundred thousand dollars per calendar year. The  
12 department shall only allocate up to sixty percent of available funding  
13 during the first year of a biennium.

14 (b) Applicants must:

15 (i) Have a valid agreement with a qualified manufacturing extension  
16 partnership affiliate to engage in innovation and modernization  
17 extension services;

18 (ii) Agree to: (A) Make a contribution to the manufacturing  
19 innovation and modernization account created in RCW 43.338.030, in an  
20 amount equal to twenty-five percent of the amount of the innovation and  
21 modernization extension voucher, upon completion of the innovation and  
22 modernization extension service; and (B) make monthly or quarterly  
23 contributions over the subsequent eighteen months, as specified in  
24 their agreement with the affiliate, to the manufacturing innovation and  
25 modernization account created in RCW 43.338.030 in an amount equal to  
26 eighty percent of the amount of the innovation and modernization  
27 extension voucher;

28 (iii) Be a small manufacturer or an industry association or cluster  
29 association at the time the applicant entered into an agreement with a  
30 qualified manufacturing extension partnership affiliate; and

31 (iv) If a small manufacturer, ensure that the number of employees  
32 the applicant has in the state during the calendar year following the  
33 completion of the program will be equal to or greater than the number  
34 of employees the applicant had in the state in the calendar year  
35 preceding the start of the program.

36 (3) The director may solicit and receive gifts, grants, funds,  
37 fees, and endowments, in trust or otherwise, from tribal, local,  
38 federal, or other governmental entities, as well as private sources,



1 for the purpose of providing funding for the innovation and  
2 modernization extension services and outreach services specified in  
3 this chapter. All revenue solicited and received by the department  
4 pursuant to this subsection must be deposited into the manufacturing  
5 innovation and modernization account created in RCW 43.338.030.

6 (4) The department may adopt rules to implement this section.

7 (5) Any qualified manufacturing extension partnership affiliate  
8 receiving funding under this program is required to submit a copy of  
9 its annual independent federal audit to the department within three  
10 months of its issuance.

11 (6) The sum of two hundred thousand dollars, or as much thereof as  
12 may be necessary, is appropriated for the fiscal year ending June 30,  
13 2011, from the state general fund for the operation of the Washington  
14 manufacturing innovation and modernization extension service program  
15 and the purposes of this act.

16 **Sec. 7.** RCW 43.131.409 and 2008 c 315 s 7 are each amended to read  
17 as follows:

18 The Washington manufacturing innovation and modernization extension  
19 service program under chapter 43.338 RCW (~~shall be terminated~~)  
20 terminates on June 30, (~~(2012)~~) 2017, as provided in RCW 43.131.410.

21 **Sec. 8.** RCW 43.131.410 and 2008 c 315 s 8 are each amended to read  
22 as follows:

23 The following acts or parts of acts, as now existing or hereafter  
24 amended, are each repealed, effective June 30, (~~(2013)~~) 2018:

- 25 (1) RCW 43.338.005 and 2008 c 315 § 1;
- 26 (2) RCW 43.338.010 and 2008 c 315 § 2;
- 27 (3) RCW 43.338.020 and 2008 c 315 § 3;
- 28 (4) RCW 43.338.900 and 2008 c 315 § 4;
- 29 (5) RCW 43.338.030 and 2008 c 315 § 5; and
- 30 (6) RCW 43.338.040 and 2008 c 315 § 6.

31 **Sec. 9.** RCW 43.84.092 and 2009 c 479 s 31, 2009 c 472 s 5, and  
32 2009 c 451 s 8 are each reenacted and amended to read as follows:

33 (1) All earnings of investments of surplus balances in the state  
34 treasury shall be deposited to the treasury income account, which  
35 account is hereby established in the state treasury.

1 (2) The treasury income account shall be utilized to pay or receive  
2 funds associated with federal programs as required by the federal cash  
3 management improvement act of 1990. The treasury income account is  
4 subject in all respects to chapter 43.88 RCW, but no appropriation is  
5 required for refunds or allocations of interest earnings required by  
6 the cash management improvement act. Refunds of interest to the  
7 federal treasury required under the cash management improvement act  
8 fall under RCW 43.88.180 and shall not require appropriation. The  
9 office of financial management shall determine the amounts due to or  
10 from the federal government pursuant to the cash management improvement  
11 act. The office of financial management may direct transfers of funds  
12 between accounts as deemed necessary to implement the provisions of the  
13 cash management improvement act, and this subsection. Refunds or  
14 allocations shall occur prior to the distributions of earnings set  
15 forth in subsection (4) of this section.

16 (3) Except for the provisions of RCW 43.84.160, the treasury income  
17 account may be utilized for the payment of purchased banking services  
18 on behalf of treasury funds including, but not limited to, depository,  
19 safekeeping, and disbursement functions for the state treasury and  
20 affected state agencies. The treasury income account is subject in all  
21 respects to chapter 43.88 RCW, but no appropriation is required for  
22 payments to financial institutions. Payments shall occur prior to  
23 distribution of earnings set forth in subsection (4) of this section.

24 (4) Monthly, the state treasurer shall distribute the earnings  
25 credited to the treasury income account. The state treasurer shall  
26 credit the general fund with all the earnings credited to the treasury  
27 income account except:

28 The following accounts and funds shall receive their proportionate  
29 share of earnings based upon each account's and fund's average daily  
30 balance for the period: The aeronautics account, the aircraft search  
31 and rescue account, the budget stabilization account, the capitol  
32 building construction account, the Cedar River channel construction and  
33 operation account, the Central Washington University capital projects  
34 account, the charitable, educational, penal and reformatory  
35 institutions account, the cleanup settlement account, the Columbia  
36 river basin water supply development account, the common school  
37 construction fund, the county arterial preservation account, the county  
38 criminal justice assistance account, the county sales and use tax

1 equalization account, the data processing building construction  
2 account, the deferred compensation administrative account, the deferred  
3 compensation principal account, the department of licensing services  
4 account, the department of retirement systems expense account, the  
5 developmental disabilities community trust account, the drinking water  
6 assistance account, the drinking water assistance administrative  
7 account, the drinking water assistance repayment account, the Eastern  
8 Washington University capital projects account, the education  
9 construction fund, the education legacy trust account, the election  
10 account, the energy freedom account, the energy recovery act account,  
11 the essential rail assistance account, The Evergreen State College  
12 capital projects account, the federal forest revolving account, the  
13 ferry bond retirement fund, the freight congestion relief account, the  
14 freight mobility investment account, the freight mobility multimodal  
15 account, the grade crossing protective fund, the public health services  
16 account, the health system capacity account, the personal health  
17 services account, the high capacity transportation account, the state  
18 higher education construction account, the higher education  
19 construction account, the highway bond retirement fund, the highway  
20 infrastructure account, the highway safety account, the high occupancy  
21 toll lanes operations account, the industrial insurance premium refund  
22 account, the investing in innovation account, the judges' retirement  
23 account, the judicial retirement administrative account, the judicial  
24 retirement principal account, the local leasehold excise tax account,  
25 the local real estate excise tax account, the local sales and use tax  
26 account, the medical aid account, the mobile home park relocation fund,  
27 the motor vehicle fund, the motorcycle safety education account, the  
28 multimodal transportation account, the municipal criminal justice  
29 assistance account, the municipal sales and use tax equalization  
30 account, the natural resources deposit account, the oyster reserve land  
31 account, the pension funding stabilization account, the perpetual  
32 surveillance and maintenance account, the public employees' retirement  
33 system plan 1 account, the public employees' retirement system combined  
34 plan 2 and plan 3 account, the public facilities construction loan  
35 revolving account beginning July 1, 2004, the public health  
36 supplemental account, the public transportation systems account, the  
37 public works assistance account, the Puget Sound capital construction  
38 account, the Puget Sound ferry operations account, the Puyallup tribal

1 settlement account, the real estate appraiser commission account, the  
2 recreational vehicle account, the regional mobility grant program  
3 account, the resource management cost account, the rural arterial trust  
4 account, the rural Washington loan fund, the site closure account, the  
5 small city pavement and sidewalk account, the special category C  
6 account, the special wildlife account, the state employees' insurance  
7 account, the state employees' insurance reserve account, the state  
8 investment board expense account, the state investment board commingled  
9 trust fund accounts, the state patrol highway account, the state route  
10 number 520 corridor account, the supplemental pension account, the  
11 Tacoma Narrows toll bridge account, the teachers' retirement system  
12 plan 1 account, the teachers' retirement system combined plan 2 and  
13 plan 3 account, the tobacco prevention and control account, the tobacco  
14 settlement account, the transportation 2003 account (nickel account),  
15 the transportation equipment fund, the transportation fund, the  
16 transportation improvement account, the transportation improvement  
17 board bond retirement account, the transportation infrastructure  
18 account, the transportation partnership account, the traumatic brain  
19 injury account, the tuition recovery trust fund, the University of  
20 Washington bond retirement fund, the University of Washington building  
21 account, the urban arterial trust account, the volunteer firefighters'  
22 and reserve officers' relief and pension principal fund, the volunteer  
23 firefighters' and reserve officers' administrative fund, the Washington  
24 fruit express account, the Washington judicial retirement system  
25 account, the Washington law enforcement officers' and firefighters'  
26 system plan 1 retirement account, the Washington law enforcement  
27 officers' and firefighters' system plan 2 retirement account, the  
28 Washington public safety employees' plan 2 retirement account, the  
29 Washington school employees' retirement system combined plan 2 and 3  
30 account, the Washington state health insurance pool account, the  
31 Washington state patrol retirement account, the Washington State  
32 University building account, the Washington State University bond  
33 retirement fund, the water pollution control revolving fund, and the  
34 Western Washington University capital projects account. Earnings  
35 derived from investing balances of the agricultural permanent fund, the  
36 normal school permanent fund, the permanent common school fund, the  
37 scientific permanent fund, and the state university permanent fund  
38 shall be allocated to their respective beneficiary accounts. All

1 earnings to be distributed under this subsection (4) shall first be  
2 reduced by the allocation to the state treasurer's service fund  
3 pursuant to RCW 43.08.190.

4 (5) In conformance with Article II, section 37 of the state  
5 Constitution, no treasury accounts or funds shall be allocated earnings  
6 without the specific affirmative directive of this section.

7 NEW SECTION. **Sec. 10.** If any provision of this act or its  
8 application to any person or circumstance is held invalid, the  
9 remainder of the act or the application of the provision to other  
10 persons or circumstances is not affected.

11 NEW SECTION. **Sec. 11.** If any part of this act is found to be in  
12 conflict with federal requirements that are a prescribed condition to  
13 the allocation of federal funds to the state or the eligibility of  
14 employers in this state for federal unemployment tax credits, the  
15 conflicting part of this act is inoperative solely to the extent of the  
16 conflict, and the finding or determination does not affect the  
17 operation of the remainder of this act. Rules adopted under this act  
18 must meet federal requirements that are a necessary condition to the  
19 receipt of federal funds by the state or the granting of federal  
20 unemployment tax credits to employers in this state.

--- END ---