
HOUSE BILL 1916

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Ryu, Kagi, Maxwell, Kenney, and Santos

Read first time 02/09/11. Referred to Committee on Community Development & Housing.

1 AN ACT Relating to business services delivered by associate
2 development organizations; amending RCW 43.330.080, 43.330.082, and
3 43.330.010; and adding a new section to chapter 43.330 RCW.

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

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

7 In carrying out its responsibilities under RCW 43.330.060 and
8 43.330.080, the department must establish protocols to be followed by
9 associate development organizations and department staff for the
10 recruitment and retention of businesses. The protocols must specify
11 the circumstances under which an associate development organization is
12 required to notify the department of its business recruitment and
13 retention efforts and when the department must notify the associate
14 development organization of its business recruitment and retention
15 efforts. The protocols established may not require the release of
16 proprietary information or the disclosure of information that a client
17 company has requested remain confidential. The department must require
18 compliance with the protocols in its contracts with associate
19 development organizations.

1 **Sec. 2.** RCW 43.330.080 and 2009 c 151 s 10 are each amended to
2 read as follows:

3 The department (~~shall~~) must contract with county-designated
4 associate development organizations to increase the support for and
5 coordination of community and economic development services in
6 communities or regional areas. The organizations contracted within
7 each community or regional area (~~shall~~) must work closely with the
8 department to carry out state-identified economic development
9 priorities and must be broadly representative of community and economic
10 interests. The organization (~~shall~~) must be capable of identifying
11 key economic and community development problems, developing appropriate
12 solutions, and mobilizing broad support for recommended initiatives.
13 The contracting organization (~~shall~~) must work with and include local
14 governments, local chambers of commerce, workforce development
15 councils, port districts, labor groups, institutions of higher
16 education, community action programs, and other appropriate private,
17 public, or nonprofit community and economic development groups. The
18 scope of services delivered under these contracts (~~shall~~) must
19 include two broad areas of work:

20 (1) Direct assistance, including business planning, to companies
21 throughout the county who need support to stay in business, expand, or
22 relocate to Washington from out of state or other countries.
23 Assistance must comply with business recruitment and retention
24 protocols established in section 1 of this act, and includes:

25 (a) Working with the appropriate partners throughout the county,
26 including but not limited to, local governments, workforce development
27 councils, port districts, community and technical colleges and higher
28 education institutions, export assistance providers, the Washington
29 manufacturing services, the Washington state quality award council,
30 small business assistance programs, and other federal, state, and local
31 programs to facilitate the alignment of planning efforts and the
32 seamless delivery of business support services (~~in the~~) within the
33 entire county;

34 (b) Providing information on state and local permitting processes,
35 tax issues, and other essential information for operating, expanding,
36 or locating a business in Washington;

37 (c) Marketing Washington and local areas as excellent locations to

1 expand or relocate a business and positioning Washington as a globally
2 competitive place to grow business, which may include developing and
3 executing regional plans to attract companies from out of state;

4 (d) Working with businesses on site location and selection
5 assistance;

6 (e) Providing business retention and expansion services throughout
7 the county, including business outreach and monitoring efforts to
8 identify and address challenges and opportunities faced by businesses;
9 and

10 (f) Participating in economic development system-wide discussions
11 regarding gaps in business start-up assistance in Washington; and

12 (2) Support for regional economic research and regional planning
13 efforts to implement target industry sector strategies and other
14 economic development strategies, including cluster-based strategies,
15 that support increased living standards and increase foreign direct
16 investment throughout Washington. Activities include:

17 (a) Participation in regional planning efforts with workforce
18 development councils involving coordinated strategies around workforce
19 development and economic development policies and programs.
20 Coordinated planning efforts (~~shall~~) must include, but not be limited
21 to, assistance to industry clusters in the region;

22 (b) Participation between the contracting organization and the
23 state board for community and technical colleges as created in RCW
24 28B.50.050, and any community and technical colleges in providing for
25 the coordination of the job skills training program and the customized
26 training program within its region;

27 (c) Collecting and reporting data as specified by the contract with
28 the department for statewide systemic analysis. The department
29 (~~shall~~) must consult with the Washington state economic development
30 commission in the establishment of such uniform data as is needed to
31 conduct a statewide systemic analysis of the state's economic
32 development programs and expenditures. In cooperation with other
33 local, regional, and state planning efforts, contracting organizations
34 may provide insight into the needs of target industry clusters,
35 business expansion plans, early detection of potential relocations or
36 layoffs, training needs, and other appropriate economic information;

37 (d) In conjunction with other governmental jurisdictions and
38 institutions, participate in the development of a countywide economic

1 development plan, consistent with the state comprehensive plan for
2 economic development developed by the Washington state economic
3 development commission.

4 **Sec. 3.** RCW 43.330.082 and 2009 c 518 s 15 are each amended to
5 read as follows:

6 (1)(a) Contracting associate development organizations (~~shall~~)
7 must provide the department with measures of their performance. Annual
8 reports (~~shall~~) must include information on the impact of the
9 contracting organization on employment, wages, tax revenue, and capital
10 investment. Specific measures (~~shall~~) must be developed in the
11 contracting process between the department and the contracting
12 organization every two years. Except as provided in (b) of this
13 subsection, performance measures should be consistent across regions to
14 allow for statewide evaluation.

15 (b) In addition to the measures required in (a) of this subsection,
16 contracting associate development organizations in counties with a
17 population greater than one million five hundred thousand persons must
18 include the following measures in reports to the department:

19 (i) The number of small businesses that received retention and
20 expansion services, and the outcome of those services.

21 (ii) The number of businesses located outside of the boundaries of
22 the largest city within the contracting associate development
23 organization's region that received recruitment, retention, and
24 expansion services, and the outcome of those services.

25 (2)(a) The department and contracting organizations (~~shall~~) must
26 agree upon specific target levels for the performance measures in
27 subsection (1) of this section. Comparison of agreed thresholds and
28 actual performance (~~shall~~) must occur annually.

29 (b) Contracting organizations that fail to achieve the agreed
30 performance targets in more than one-half of the agreed measures
31 (~~shall~~) must develop remediation plans to address performance gaps.
32 The remediation plans (~~shall~~) must include revised performance
33 thresholds specifically chosen to provide evidence of progress in
34 making the identified service changes.

35 (c) Contracts and state funding (~~shall~~) must be terminated for
36 one year for organizations that fail to achieve the agreed upon
37 progress toward improved performance defined under (b) of this

1 subsection. During the year in which termination for nonperformance is
2 in effect, organizations (~~shall~~) must review alternative delivery
3 strategies to include reorganization of the contracting organization,
4 merging of previous efforts with existing regional partners, and other
5 specific steps toward improved performance. At the end of the period
6 of termination, the department may contract with the associate
7 development organization or its successor as it deems appropriate.

8 (3) The department (~~shall~~) must report to the legislature and the
9 Washington economic development commission by December 31st of each
10 even-numbered year on the performance results of the contracts with
11 associate development organizations.

12 **Sec. 4.** RCW 43.330.010 and 2009 c 565 s 2 are each amended to read
13 as follows:

14 Unless the context clearly requires otherwise, the definitions in
15 this section apply throughout this chapter.

16 (1) "Associate development organization" means a local economic
17 development nonprofit corporation that is broadly representative of
18 community interests.

19 (2) "Department" means the department of commerce.

20 (3) "Director" means the director of the department of commerce.

21 (4) "Financial institution" means a bank, trust company, mutual
22 savings bank, savings and loan association, or credit union authorized
23 to do business in this state under state or federal law.

24 (5) "Microenterprise development organization" means a community
25 development corporation, a nonprofit development organization, a
26 nonprofit social services organization or other locally operated
27 nonprofit entity that provides services to low-income entrepreneurs.

28 (6) "Small business" has the same meaning as provided in RCW
29 39.29.006.

30 (7) "Statewide microenterprise association" means a nonprofit
31 entity with microenterprise development organizations as members that
32 serves as an intermediary between the department of commerce and local
33 microenterprise development organizations.

--- END ---