
HOUSE BILL 2374

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Kenney, Smith, Finn, Maxwell, Ryu, Orcutt, and Ahern

Read first time 01/12/12. Referred to Committee on Community & Economic Development & Housing.

1 AN ACT Relating to associate development organizations; and
2 amending RCW 43.330.080, 43.330.082, and 43.162.020.

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

4 **Sec. 1.** RCW 43.330.080 and 2011 c 286 s 2 are each amended to read
5 as follows:

6 ~~((In carrying out its obligations under RCW 43.330.070,)) (1)(a)~~
7 The department must ((provide business services training to and))
8 contract with county-designated associate development organizations to
9 increase the support for and coordination of community and economic
10 development services in communities or regional areas. ~~((The business~~
11 ~~services training provided to the organizations contracted with must~~
12 ~~include, but need not be limited to, training in the fundamentals of~~
13 ~~export assistance and the services available from private and public~~
14 ~~export assistance providers in the state. The organizations contracted~~
15 ~~within each community or regional area must work closely with the~~
16 ~~department to carry out state identified economic development~~
17 ~~priorities and must be broadly representative of community and economic~~
18 ~~interests. The organization must)) The contracting organizations in
19 each community or regional area must:~~

1 (i) Be broadly representative of community and economic interests;
2 (ii) Be capable of identifying key economic and community
3 development problems, developing appropriate solutions, and mobilizing
4 broad support for recommended initiatives~~((—The contracting~~
5 ~~organization must))~~);

6 (iii) Work closely with the department to carry out state-
7 identified economic development priorities;

8 (iv) Work with and include local governments, local chambers of
9 commerce, workforce development councils, port districts, labor groups,
10 institutions of higher education, community action programs, and other
11 appropriate private, public, or nonprofit community and economic
12 development groups; and

13 (v) Meet and share best practices with other associate development
14 organizations at least two times each year.

15 (b) The scope of services delivered under ~~((these))~~ the contracts
16 required in (a) of this subsection must include two broad areas of
17 work:

18 ~~((1))~~ (i) Direct assistance, including business planning, to
19 companies throughout the county who need support to stay in business,
20 expand, or relocate to Washington from out of state or other countries.
21 Assistance must comply with business recruitment and retention
22 protocols established in RCW 43.330.062, and includes:

23 ~~((a))~~ (A) Working with the appropriate partners throughout the
24 county~~((7))~~ including, but not limited to, local governments, workforce
25 development councils, port districts, community and technical colleges
26 and higher education institutions, export assistance providers, the
27 Washington manufacturing services, the Washington state quality award
28 council, small business assistance programs, innovation partnership
29 zones, and other federal, state, and local programs to facilitate the
30 alignment of planning efforts and the seamless delivery of business
31 support services within the entire county;

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

36 ~~((c))~~ (C) Marketing Washington and local areas as excellent
37 locations to expand or relocate a business and positioning Washington

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

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

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

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

13 ~~(g))~~ (G) Providing or facilitating the provision of export
14 assistance through workshops or one-on-one assistance; and

15 (H) Using a web-based information system to track data and
16 coordinate work with other economic development partners on business
17 recruitment, retention, expansion, and trade; and

18 ~~((2))~~ (ii) Support for regional economic research and regional
19 planning efforts to implement target industry sector strategies and
20 other economic development strategies, including cluster-based
21 strategies ~~((, that support increased living standards and increase~~
22 ~~foreign direct investment throughout Washington)).~~ Research and
23 planning efforts should support increased living standards and
24 increased foreign direct investment, and must be aligned with the
25 statewide economic development strategy. Activities include:

26 ~~((a) Participation))~~ (A) Participating in regional planning
27 efforts with workforce development councils involving coordinated
28 strategies around workforce development and economic development
29 policies and programs. Coordinated planning efforts must include, but
30 not be limited to, assistance to industry clusters in the region;

31 ~~((b) Participation between the contracting organization and))~~ (B)
32 Participating with the state board for community and technical colleges
33 as created in RCW 28B.50.050, and any community and technical colleges
34 in ~~((providing for))~~ the coordination of the job skills training
35 program and the customized training program within its region;

36 ~~((e))~~ (C) Collecting and reporting data as specified by the
37 contract with the department for statewide systemic analysis. The
38 department must consult with the Washington state economic development

1 commission in the establishment of such uniform data as is needed to
2 conduct a statewide systemic analysis of the state's economic
3 development programs and expenditures. In cooperation with other
4 local, regional, and state planning efforts, contracting organizations
5 may provide insight into the needs of target industry clusters,
6 business expansion plans, early detection of potential relocations or
7 layoffs, training needs, and other appropriate economic information;

8 ~~((d))~~ (D) In conjunction with other governmental jurisdictions
9 and institutions, participate in the development of a countywide
10 economic development plan, consistent with the state comprehensive plan
11 for economic development developed by the Washington state economic
12 development commission.

13 (2) The department must provide business services training to the
14 contracting organizations, including but not limited to training in the
15 fundamentals of export assistance and the services available from
16 private and public export assistance providers in the state.

17 **Sec. 2.** RCW 43.330.082 and 2011 c 286 s 3 are each amended to read
18 as follows:

19 (1)(a) Contracting associate development organizations must provide
20 the department with measures of their performance and a summary of best
21 practices shared and implemented by the contracting organizations.
22 Annual reports must include information on ~~((the impact of the~~
23 ~~contracting organization on employment, wages, tax revenue, and capital~~
24 ~~investment. Specific measures must be developed in the contracting~~
25 ~~process between the department))~~ the community or regional area served
26 by the contracting organization. Annual reports may include the impact
27 of the contracting organization on employment, wages, exports, tax
28 revenue, small business creation, foreign direct investment, business
29 relocations, expansions, terminations, and capital investment. Data
30 must be input into a common web-based business information system
31 managed by the department. Specific measures, data standards, and data
32 definitions must be developed in the contracting process between the
33 department, the economic development commission, and the contracting
34 organization every two years. Except as provided in (b) of this
35 subsection, performance measures should be consistent across regions to
36 allow for statewide evaluation.

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

5 (i) The number of small businesses that received retention and
6 expansion services, and the outcome of those services;

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

11 (2)(a) The department and contracting associate development
12 organizations must agree upon specific target levels for the
13 performance measures in subsection (1) of this section. Comparison of
14 agreed thresholds and actual performance must occur annually.

15 (b) Contracting organizations that fail to achieve the agreed
16 performance targets in more than one-half of the agreed measures must
17 develop remediation plans to address performance gaps. The remediation
18 plans must include revised performance thresholds specifically chosen
19 to provide evidence of progress in making the identified service
20 changes.

21 (c) Contracts and state funding must be terminated for one year for
22 organizations that fail to achieve the agreed upon progress toward
23 improved performance defined under (b) of this subsection. During the
24 year in which termination for nonperformance is in effect,
25 organizations must review alternative delivery strategies to include
26 reorganization of the contracting organization, merging of previous
27 efforts with existing regional partners, and other specific steps
28 toward improved performance. At the end of the period of termination,
29 the department may contract with the associate development organization
30 or its successor as it deems appropriate.

31 (3) The department must submit a preliminary report to the
32 Washington economic development commission by September 1st of each
33 even-numbered year, and a final report to the legislature and the
34 Washington economic development commission by December 31st of each
35 even-numbered year on the performance results of the contracts with
36 associate development organizations.

37 (4) Contracting associate development organizations must provide
38 the Washington state economic development commission with information

1 to be used in the comprehensive statewide economic development strategy
2 and progress report due under RCW 43.162.020, by the date determined by
3 the commission.

4 **Sec. 3.** RCW 43.162.020 and 2011 c 311 s 5 are each amended to read
5 as follows:

6 (1) The commission must concentrate its major efforts on strategic
7 planning, policy research and analysis, advocacy, evaluation, and
8 promoting coordination and collaboration.

9 (2) During each regular legislative session, the commission must
10 consult with appropriate legislative committees about the state's
11 economic development needs and opportunities.

12 (3)(a) By October 1st of each even-numbered year, the commission
13 must submit to the governor and legislature a biennial comprehensive
14 statewide economic development strategy with a report on progress from
15 the previous comprehensive strategy.

16 (b) The comprehensive statewide economic development strategy must
17 include the industry clusters in the state and the strategic clusters
18 targeted by the commission for economic development efforts. The
19 commission must consult with the workforce training and education
20 coordinating board and include labor market and economic information by
21 the employment security department in developing the list of clusters
22 and strategic clusters that meet the criteria identified by the working
23 group convened by the economic development commission and the workforce
24 training and education coordinating board under chapter 43.330 RCW.

25 (4)(a) In developing the comprehensive statewide economic
26 development strategy, the commission must use, but may not be limited
27 to: Economic, labor market, and populations trend reports in office of
28 financial management forecasts; the annual state economic climate
29 report prepared by the economic climate council; joint office of
30 financial management and employment security department labor force,
31 industry employment, and occupational forecasts; the results of
32 scientifically based outcome evaluations; the needs of industry
33 associations, industry clusters, businesses, and employees as evidenced
34 in formal surveys and other input.

35 (b) The comprehensive statewide economic development strategy may
36 include:

37 (i) An assessment of the state's economic vitality;

1 (ii) Recommended goals, objectives, and priorities for the next
2 biennium, and the future;

3 (iii) A common set of outcomes and benchmarks for the economic
4 development system as a whole;

5 (iv) Recommendations for removing barriers and promoting
6 collaboration among participants in the innovation ecosystem;

7 (v) An inventory of existing relevant programs compiled by the
8 commission from materials submitted by agencies;

9 (vi) Recommendations for expanding, discontinuing, or redirecting
10 existing programs, or adding new programs; and

11 (vii) Recommendations of best practices and public and private
12 sector roles in implementing the comprehensive statewide economic
13 development strategy.

14 (c) The report on progress from the previous comprehensive strategy
15 must include information provided by associate development
16 organizations as requested by the commission. The commission may
17 include recommendations for associate development organizations in the
18 report on progress or in the comprehensive statewide economic
19 development strategy.

20 (5) In developing the biennial statewide economic development
21 strategy, plans, inventories, assessments, and policy research, the
22 commission must consult, collaborate, and coordinate with relevant
23 state agencies, private sector businesses, nonprofit organizations
24 involved in economic development, trade associations, associate
25 development organizations, and relevant local organizations in order to
26 avoid duplication of effort.

27 (6) State agencies and associate development organizations must
28 cooperate with the commission and provide information as the commission
29 may reasonably request.

30 (7) The commission must develop a biennial budget request for
31 approval by the office of financial management. The commission must
32 adopt an annual budget and work plan in accordance with the omnibus
33 appropriations bill approved by the legislature.

34 (8)(a) The commission and its fiscal agent must jointly develop and
35 adopt a memorandum of understanding to outline and establish clear
36 lines of authority and responsibility between them related to budget
37 and administrative services.

1 (b) The memorandum of understanding may not provide any additional
2 grant of authorities to the commission or the fiscal agent that is not
3 already provided for by statute, nor diminish any authorities or powers
4 granted to either party by statute.

5 (c) Periodically, but not less often than biannually, the
6 commission and fiscal agent must review the memorandum of understanding
7 and, if necessary, recommend changes to the other party.

8 (d) As provided generally under RCW 43.162.015, the executive
9 director of the commission must report solely to the governor and the
10 commissioners on matters pertaining to commission operations.

11 (9) To maintain its objectivity and concentration on strategic
12 planning, policy research and analysis, and evaluation, the commission
13 may not take an administrative role in the delivery of services.
14 However, subject to available resources and consistent with its work
15 plan, the commission or the executive director may conduct outreach
16 activities such as regional forums and best practices seminars.

17 (10) The commission must evaluate its own performance on a regular
18 basis.

19 (11) The commission may accept gifts, grants, donations,
20 sponsorships, or contributions from any federal, state, or local
21 governmental agency or program, or any private source, and expend the
22 same for any purpose consistent with this chapter.

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