

**SECOND SUBSTITUTE HOUSE BILL 2029**

**State of Washington                      63rd Legislature                      2014 Regular Session**

**By House Appropriations (originally sponsored by Representatives Morris and Hudgins)**

READ FIRST TIME 01/27/14.

1            AN ACT Relating to eliminating the economic development-related  
2 agencies, boards, and commissions; amending RCW 28B.30.530,  
3 28B.155.010, 28C.18.060, 39.102.040, 43.160.060, 43.160.900,  
4 43.330.050, 43.330.080, 43.330.082, 43.330.090, 43.330.250, 43.330.270,  
5 43.330.280, 43.330.375, 50.38.050, 82.14.505, 82.33A.010, 43.131.418,  
6 28B.50.902, 42.30.110, 42.56.270, 43.333.030, 43.333.040, 43.333.050,  
7 43.333.800, 70.210.020, 70.210.030, 70.210.040, 70.210.050, 70.210.060,  
8 43.374.010, and 43.330.010; amending 2012 c 63 s 1 (uncodified);  
9 reenacting and amending RCW 28C.18.080, 43.84.092, 43.84.092, and  
10 43.330.310; adding new sections to chapter 43.333 RCW; adding a new  
11 section to chapter 70.210 RCW; repealing RCW 43.162.005, 43.162.010,  
12 43.162.012, 43.162.015, 43.162.020, 43.162.025, 43.162.030, 43.162.040,  
13 82.33A.020, 41.06.0711, 43.333.010, 43.333.020, 43.336.010, 43.336.020,  
14 43.336.030, 43.336.040, 43.336.050, 43.336.060, 43.336.900, and  
15 43.330.290; providing a contingent effective date; providing expiration  
16 dates; and providing a contingent expiration date.

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

**PART I**

**ELIMINATION OF THE WASHINGTON STATE ECONOMIC DEVELOPMENT COMMISSION**

1           **Sec. 101.** RCW 28B.30.530 and 2012 c 229 s 808 are each amended to  
2 read as follows:

3           (1) The board of regents of Washington State University shall  
4 establish the Washington State University small business development  
5 center.

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

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

25           (4) The small business development center may accept and disburse  
26 federal grants or federal matching funds or other funds or donations  
27 from any source when made, granted, or donated to carry out the  
28 center's purposes. When drawing on funds from the business assistance  
29 account created in RCW 28B.30.531, the center must first use the funds  
30 to make increased management and technical assistance available to  
31 existing small businesses and start-up businesses at satellite offices.  
32 The funds may also be used to develop and expand assistance programs  
33 such as small business planning workshops and small business  
34 counseling.

35           (5) By December 1, 2010, the center shall provide a written  
36 progress report and a final report to the appropriate committees of the  
37 legislature with respect to the requirements in subsection (2) of this  
38 section and the amount and use of funding received through the business

1 assistance account. The reports must also include data on the number,  
2 location, staffing, and budget levels of satellite offices;  
3 affiliations with community colleges, associate development  
4 organizations or other local organizations; the number, size, and type  
5 of small businesses assisted; and the types of services provided. The  
6 reports must also include information on the outcomes achieved, such as  
7 jobs created or retained, private capital invested, and return on the  
8 investment of state and federal dollars.

9 (6)(a) Subject to the availability of amounts appropriated for this  
10 specific purpose, by December 1, 2010, the center, in conjunction with  
11 the department of commerce, must prepare and present to the governor  
12 and appropriate legislative committees a specific, actionable plan to  
13 increase access to capital and technical assistance to small businesses  
14 and entrepreneurs beginning with the 2011-2013 biennium. In developing  
15 the plan, the center and the department may consult with the Washington  
16 state microenterprise association, and with other government,  
17 nonprofit, and private organizations as necessary. The plan must  
18 identify:

19 (i) Existing sources of capital and technical assistance for small  
20 businesses and entrepreneurs;

21 (ii) Critical gaps and barriers to availability of capital and  
22 delivery of technical assistance to small businesses and entrepreneurs;

23 (iii) Workable solutions to filling the gaps and removing barriers  
24 identified in (a)(ii) of this subsection; and

25 (iv) The financial resources and statutory changes necessary to put  
26 the plan into effect beginning with the 2011-2013 biennium.

27 (b) With respect to increasing access to capital, the plan must  
28 identify specific, feasible sources of capital and practical mechanisms  
29 for expanding access to it.

30 (c) The center and the department must include, within the analysis  
31 and recommendations in (a) of this subsection, any specific gaps,  
32 barriers, and solutions related to rural and low-income communities and  
33 small manufacturers interested in exporting.

34 **Sec. 102.** RCW 28B.155.010 and 2012 c 242 s 1 are each amended to  
35 read as follows:

36 (1) The joint center for aerospace technology innovation is created  
37 to:

1 (a) Pursue joint industry-university research in computing,  
2 manufacturing efficiency, materials/structures innovation, and other  
3 new technologies that can be used in aerospace firms;

4 (b) Enhance the education of students in the engineering  
5 departments of the University of Washington, Washington State  
6 University, and other participating institutions through industry-  
7 focused research; and

8 (c) Work directly with existing small, medium-sized, and large  
9 aerospace firms and aerospace industry associations to identify  
10 research needs and opportunities to transfer off-the-shelf technologies  
11 that would benefit such firms.

12 (2) The center shall be operated and administered as a multi-  
13 institutional education and research center, conducting research and  
14 development programs in various locations within Washington under the  
15 joint authority of the University of Washington and Washington State  
16 University. The initial administrative offices of the center shall be  
17 west of the crest of the Cascade mountains. In order to meet aerospace  
18 industry needs, the facilities and resources of the center must be made  
19 available to all four-year institutions of higher education as defined  
20 in RCW 28B.10.016. Resources include, but are not limited to,  
21 internships, on-the-job training, and research opportunities for  
22 undergraduate and graduate students and faculty.

23 (3) The powers of the center are vested in and shall be exercised  
24 by a board of directors. The board shall consist of nine members  
25 appointed by the governor. The governor shall appoint a nonvoting  
26 chair. Of the eight voting members, one member shall represent small  
27 aerospace firms, one member shall represent medium-sized firms, one  
28 member shall represent large aerospace firms, one member shall  
29 represent labor, two members shall represent aerospace industry  
30 associations, and two members shall represent higher education. The  
31 terms of the initial members shall be staggered.

32 (4) The board shall hire an executive director. The executive  
33 director shall hire such staff as the board deems necessary to operate  
34 the center. Staff support may be provided from among the cooperating  
35 institutions through cooperative agreements to the extent funds are  
36 available. The executive director may enter into cooperative  
37 agreements for programs and research with public and private

1 organizations including state and nonstate agencies consistent with  
2 policies of the participating institutions.

3 (5) The board must:

4 (a) Work with aerospace industry associations and aerospace firms  
5 of all sizes to identify the research areas that will benefit the  
6 intermediate and long-term economic vitality of the Washington  
7 aerospace industry;

8 (b) Identify entrepreneurial researchers to join or lead research  
9 teams in the research areas specified in (a) of this subsection and the  
10 steps the University of Washington and Washington State University will  
11 take to recruit such researchers;

12 (c) Assist firms to integrate existing technologies into their  
13 operations and align the activities of the center with those of impact  
14 Washington (~~(and innovate Washington)~~) to enhance services available to  
15 aerospace firms;

16 (d) Develop internships, on-the-job training, research, and other  
17 opportunities and ensure that all undergraduate and graduate students  
18 enrolled in an aerospace engineering curriculum have direct experience  
19 with aerospace firms;

20 (e) Assist researchers and firms in safeguarding intellectual  
21 property while advancing industry innovation;

22 (f) Develop and strengthen university-industry relationships  
23 through promotion of faculty collaboration with industry, and  
24 sponsor(~~(, in collaboration with innovate Washington,)~~) at least one  
25 annual symposium focusing on aerospace research in the state of  
26 Washington;

27 (g) Encourage a full range of projects from small research projects  
28 that meet the specific needs of a smaller company to large scale,  
29 multipartner projects;

30 (h) Develop nonstate support of the center's research activities  
31 through leveraging dollars from federal and private for-profit and  
32 nonprofit sources;

33 (i) Leverage its financial impact through joint support  
34 arrangements on a project-by-project basis as appropriate;

35 (j) Establish mechanisms for soliciting and evaluating proposals  
36 and for making awards and reporting on technological progress,  
37 financial leverage, and other measures of impact;

1 (k) By June 30, 2013, develop an operating plan that includes the  
2 specific processes, methods, or mechanisms the center will use to  
3 accomplish each of its duties as set out in this subsection; and

4 (1) Report biennially to the legislature and the governor about the  
5 impact of the center's work on the state's economy and the aerospace  
6 sector, with projections of future impact, providing indicators of its  
7 impact, and outlining ideas for enhancing benefits to the state. The  
8 report must be coordinated with the governor's office, (~~the Washington~~  
9 ~~economic development commission,~~) and the department of commerce(~~,~~  
10 ~~and innovate Washington~~)).

11 **Sec. 103.** RCW 28C.18.060 and 2012 c 229 s 579 are each amended to  
12 read as follows:

13 The board, in cooperation with the operating agencies of the state  
14 training system and private career schools and colleges, shall:

15 (1) Concentrate its major efforts on planning, coordination  
16 evaluation, policy analysis, and recommending improvements to the  
17 state's training system;

18 (2) Advocate for the state training system and for meeting the  
19 needs of employers and the workforce for workforce education and  
20 training;

21 (3) Establish and maintain an inventory of the programs of the  
22 state training system, and related state programs, and perform a  
23 biennial assessment of the vocational education, training, and adult  
24 basic education and literacy needs of the state; identify ongoing and  
25 strategic education needs; and assess the extent to which employment,  
26 training, vocational and basic education, rehabilitation services, and  
27 public assistance services represent a consistent, integrated approach  
28 to meet such needs;

29 (4) Develop and maintain a state comprehensive plan for workforce  
30 training and education, including but not limited to, goals,  
31 objectives, and priorities for the state training system, and review  
32 the state training system for consistency with the state comprehensive  
33 plan. In developing the state comprehensive plan for workforce  
34 training and education, the board shall use, but shall not be limited  
35 to: Economic, labor market, and populations trends reports in office  
36 of financial management forecasts; joint office of financial management  
37 and employment security department labor force, industry employment,

1 and occupational forecasts; the results of scientifically based  
2 outcome, net-impact and cost-benefit evaluations; the needs of  
3 employers as evidenced in formal employer surveys and other employer  
4 input; and the needs of program participants and workers as evidenced  
5 in formal surveys and other input from program participants and the  
6 labor community;

7 (5) In consultation with the student achievement council, review  
8 and make recommendations to the office of financial management and the  
9 legislature on operating and capital facilities budget requests for  
10 operating agencies of the state training system for purposes of  
11 consistency with the state comprehensive plan for workforce training  
12 and education;

13 (6) Provide for coordination among the different operating agencies  
14 and components of the state training system at the state level and at  
15 the regional level;

16 (7) Develop a consistent and reliable database on vocational  
17 education enrollments, costs, program activities, and job placements  
18 from publicly funded vocational education programs in this state;

19 (8)(a) Establish standards for data collection and maintenance for  
20 the operating agencies of the state training system in a format that is  
21 accessible to use by the board. The board shall require a minimum of  
22 common core data to be collected by each operating agency of the state  
23 training system;

24 (b) Develop requirements for minimum common core data in  
25 consultation with the office of financial management and the operating  
26 agencies of the training system;

27 (9) Establish minimum standards for program evaluation for the  
28 operating agencies of the state training system, including, but not  
29 limited to, the use of common survey instruments and procedures for  
30 measuring perceptions of program participants and employers of program  
31 participants, and monitor such program evaluation;

32 (10) Every two years administer scientifically based outcome  
33 evaluations of the state training system, including, but not limited  
34 to, surveys of program participants, surveys of employers of program  
35 participants, and matches with employment security department payroll  
36 and wage files. Every five years administer scientifically based net-  
37 impact and cost-benefit evaluations of the state training system;

1 (11) In cooperation with the employment security department,  
2 provide for the improvement and maintenance of quality and utility in  
3 occupational information and forecasts for use in training system  
4 planning and evaluation. Improvements shall include, but not be  
5 limited to, development of state-based occupational change factors  
6 involving input by employers and employees, and delineation of skill  
7 and training requirements by education level associated with current  
8 and forecasted occupations;

9 (12) Provide for the development of common course description  
10 formats, common reporting requirements, and common definitions for  
11 operating agencies of the training system;

12 (13) Provide for effectiveness and efficiency reviews of the state  
13 training system;

14 (14) In cooperation with the student achievement council,  
15 facilitate transfer of credit policies and agreements between  
16 institutions of the state training system, and encourage articulation  
17 agreements for programs encompassing two years of secondary workforce  
18 education and two years of postsecondary workforce education;

19 (15) In cooperation with the student achievement council,  
20 facilitate transfer of credit policies and agreements between private  
21 training institutions and institutions of the state training system;

22 (16) Develop policy objectives for the workforce investment act,  
23 P.L. 105-220, or its successor; develop coordination criteria for  
24 activities under the act with related programs and services provided by  
25 state and local education and training agencies; and ensure that  
26 entrepreneurial training opportunities are available through programs  
27 of each local workforce investment board in the state;

28 (17) Make recommendations to the commission of student assessment,  
29 the state board of education, and the superintendent of public  
30 instruction, concerning basic skill competencies and essential core  
31 competencies for K-12 education. Basic skills for this purpose shall  
32 be reading, writing, computation, speaking, and critical thinking,  
33 essential core competencies for this purpose shall be English, math,  
34 science/technology, history, geography, and critical thinking. The  
35 board shall monitor the development of and provide advice concerning  
36 secondary curriculum which integrates vocational and academic  
37 education;



1 (18) Establish and administer programs for marketing and outreach  
2 to businesses and potential program participants;

3 (19) Facilitate the location of support services, including but not  
4 limited to, child care, financial aid, career counseling, and job  
5 placement services, for students and trainees at institutions in the  
6 state training system, and advocate for support services for trainees  
7 and students in the state training system;

8 (20) Facilitate private sector assistance for the state training  
9 system, including but not limited to: Financial assistance, rotation  
10 of private and public personnel, and vocational counseling;

11 (21) Facilitate the development of programs for school-to-work  
12 transition that combine classroom education and on-the-job training,  
13 including entrepreneurial education and training, in industries and  
14 occupations without a significant number of apprenticeship programs;

15 (22) Include in the planning requirements for local workforce  
16 investment boards a requirement that the local workforce investment  
17 boards specify how entrepreneurial training is to be offered through  
18 the one-stop system required under the workforce investment act, P.L.  
19 105-220, or its successor;

20 (23) Encourage and assess progress for the equitable representation  
21 of racial and ethnic minorities, women, and people with disabilities  
22 among the students, teachers, and administrators of the state training  
23 system. Equitable, for this purpose, shall mean substantially  
24 proportional to their percentage of the state population in the  
25 geographic area served. This function of the board shall in no way  
26 lessen more stringent state or federal requirements for representation  
27 of racial and ethnic minorities, women, and people with disabilities;

28 (24) Participate in the planning and policy development of governor  
29 set-aside grants under P.L. 97-300, as amended;

30 (25) Administer veterans' programs, licensure of private vocational  
31 schools, the job skills program, and the Washington award for  
32 vocational excellence;

33 (26) Allocate funding from the state job training trust fund;

34 (27) Work with the director of commerce (~~and the economic~~  
35 ~~development commission~~) to ensure coordination among workforce  
36 training priorities(~~(, the long-term economic development strategy of~~  
37 ~~the economic development commission,~~) and economic development and

1 entrepreneurial development efforts, including but not limited to  
2 assistance to industry clusters;

3 (28) Conduct research into workforce development programs designed  
4 to reduce the high unemployment rate among young people between  
5 approximately eighteen and twenty-four years of age. In consultation  
6 with the operating agencies, the board shall advise the governor and  
7 legislature on policies and programs to alleviate the high unemployment  
8 rate among young people. The research shall include disaggregated  
9 demographic information and, to the extent possible, income data for  
10 adult youth. The research shall also include a comparison of the  
11 effectiveness of programs examined as a part of the research conducted  
12 in this subsection in relation to the public investment made in these  
13 programs in reducing unemployment of young adults. The board shall  
14 report to the appropriate committees of the legislature by November 15,  
15 2008, and every two years thereafter. Where possible, the data  
16 reported to the legislative committees should be reported in numbers  
17 and in percentages;

18 (29) Adopt rules as necessary to implement this chapter.

19 The board may delegate to the director any of the functions of this  
20 section.

21 **Sec. 104.** RCW 28C.18.080 and 2009 c 421 s 6, 2009 c 151 s 7, and  
22 2009 c 92 s 1 are each reenacted and amended to read as follows:

23 (1) The board shall develop a state comprehensive plan for  
24 workforce training and education for a ten-year time period. The board  
25 shall submit the ten-year state comprehensive plan to the governor and  
26 the appropriate legislative policy committees. Every four years by  
27 December 1st, beginning December 1, 2012, the board shall submit an  
28 update of the ten-year state comprehensive plan for workforce training  
29 and education to the governor and the appropriate legislative policy  
30 committees. Following public hearings, the legislature shall, by  
31 concurrent resolution, approve or recommend changes to the initial plan  
32 and the updates. The plan shall then become the state's workforce  
33 training policy unless legislation is enacted to alter the policies set  
34 forth in the plan.

35 (2) The comprehensive plan shall include workforce training role  
36 and mission statements for the workforce development programs of

1 operating agencies represented on the board and sufficient specificity  
2 regarding expected actions by the operating agencies to allow them to  
3 carry out actions consistent with the comprehensive plan.

4 (3) Operating agencies represented on the board shall have  
5 operating plans for their workforce development efforts that are  
6 consistent with the comprehensive plan and that provide detail on  
7 implementation steps they will take to carry out their responsibilities  
8 under the plan. Each operating agency represented on the board shall  
9 provide an annual progress report to the board.

10 (4) The comprehensive plan shall include recommendations to the  
11 legislature and the governor on the modification, consolidation,  
12 initiation, or elimination of workforce training and education programs  
13 in the state.

14 (5) The comprehensive plan shall identify the strategic industry  
15 clusters targeted by the workforce development system. In identifying  
16 the strategic clusters, the board shall consult with the (~~economic  
17 development commission~~) department of commerce to identify clusters  
18 that meet the criteria identified by the working group convened by the  
19 (~~economic development commission~~) department of commerce and the  
20 workforce training and education coordinating board under RCW  
21 43.330.280.

22 (6) The board shall report to the appropriate legislative policy  
23 committees by December 1st of each year on its progress in implementing  
24 the comprehensive plan and on the progress of the operating agencies in  
25 meeting their obligations under the plan.

26 **Sec. 105.** RCW 39.102.040 and 2007 c 229 s 2 are each amended to  
27 read as follows:

28 (1) Prior to applying to the board to use local infrastructure  
29 financing, a sponsoring local government shall:

30 (a) Designate a revenue development area within the limitations in  
31 RCW 39.102.060;

32 (b) Certify that the conditions in RCW 39.102.070 are met;

33 (c) Complete the process in RCW 39.102.080;

34 (d) Provide public notice as required in RCW 39.102.100; and

35 (e) Pass an ordinance adopting the revenue development area as  
36 required in RCW 39.102.090.

1 (2) Any local government that has created an increment area under  
2 chapter 39.89 RCW and has not issued bonds to finance any public  
3 improvement may apply to the board and have its increment area  
4 considered for approval as a revenue development area under this  
5 chapter without adopting a new revenue development area under RCW  
6 39.102.090 and 39.102.100 if it amends its ordinance to comply with RCW  
7 39.102.090(1) and otherwise meets the conditions and limitations under  
8 this chapter.

9 (3) As a condition to imposing a sales and use tax under RCW  
10 82.14.475, a sponsoring local government, including any cosponsoring  
11 local government seeking authority to impose a sales and use tax under  
12 RCW 82.14.475, must apply to the board and be approved for a project  
13 award amount. The application shall be in a form and manner prescribed  
14 by the board and include but not be limited to information establishing  
15 that the applicant is an eligible candidate to impose the local sales  
16 and use tax under RCW 82.14.475, the anticipated effective date for  
17 imposing the tax, the estimated number of years that the tax will be  
18 imposed, and the estimated amount of tax revenue to be received in each  
19 fiscal year that the tax will be imposed. The board shall make  
20 available forms to be used for this purpose. As part of the  
21 application, each applicant must provide to the board a copy of the  
22 ordinance or ordinances creating the revenue development area as  
23 required in RCW 39.102.090. A notice of approval to use local  
24 infrastructure financing shall contain a project award that represents  
25 the maximum amount of state contribution that the applicant, including  
26 any cosponsoring local governments, can earn each year that local  
27 infrastructure financing is used. The total of all project awards  
28 shall not exceed the annual state contribution limit. The  
29 determination of a project award shall be made based on information  
30 contained in the application and the remaining amount of annual state  
31 contribution limit to be awarded. Determination of a project award by  
32 the board is final.

33 (4)(a) Sponsoring local governments, and any cosponsoring local  
34 governments, applying in calendar year 2007 for a competitive project  
35 award, must submit completed applications to the board no later than  
36 July 1, 2007. By September 15, 2007, in consultation with the  
37 department of revenue and the department of (~~community, trade, and~~  
38 ~~economic development~~) commerce, the board shall approve competitive

1 project awards from competitive applications submitted by the 2007  
2 deadline. No more than two million five hundred thousand dollars in  
3 competitive project awards shall be approved in 2007. For projects not  
4 approved by the board in 2007, sponsoring and cosponsoring local  
5 governments may apply again to the board in 2008 for approval of a  
6 project.

7 (b) Sponsoring local governments, and any cosponsoring local  
8 governments, applying in calendar year 2008 for a competitive project  
9 award, must submit completed applications to the board no later than  
10 July 1, 2008. By September 18, 2008, in consultation with the  
11 department of revenue and the department of (~~community, trade, and~~  
12 ~~economic development~~) commerce, the board shall approve competitive  
13 project awards from competitive applications submitted by the 2008  
14 deadline.

15 (c) Except as provided in RCW 39.102.050(2), a total of no more  
16 than five million dollars in competitive project awards shall be  
17 approved for local infrastructure financing.

18 (d) The project selection criteria and weighting developed prior to  
19 July 22, 2007, for the application evaluation and approval process  
20 shall apply to applications received prior to November 1, 2007. In  
21 evaluating applications for a competitive project award after November  
22 1, 2007, the board shall (~~, in consultation with the Washington state~~  
23 ~~economic development commission,~~) develop the relative weight to be  
24 assigned to the following criteria:

25 (i) The project's potential to enhance the sponsoring local  
26 government's regional and/or international competitiveness;

27 (ii) The project's ability to encourage mixed use and transit-  
28 oriented development and the redevelopment of a geographic area;

29 (iii) Achieving an overall distribution of projects statewide that  
30 reflect geographic diversity;

31 (iv) The estimated wages and benefits for the project is greater  
32 than the average labor market area;

33 (v) The estimated state and local net employment change over the  
34 life of the project;

35 (vi) The current economic health and vitality of the proposed  
36 revenue development area and the contiguous community and the estimated  
37 impact of the proposed project on the proposed revenue development area  
38 and contiguous community;

1 (vii) The estimated state and local net property tax change over  
2 the life of the project;

3 (viii) The estimated state and local sales and use tax increase  
4 over the life of the project;

5 (ix) An analysis that shows that, over the life of the project,  
6 neither the local excise tax allocation revenues nor the local property  
7 tax allocation revenues will constitute more than eighty percent of the  
8 total local funds as described in RCW 39.102.020(~~((29)(e))~~) (29)(b);  
9 and

10 (x) If a project is located within an urban growth area, evidence  
11 that the project utilizes existing urban infrastructure and that the  
12 transportation needs of the project will be adequately met through the  
13 use of local infrastructure financing or other sources.

14 (e)(i) Except as provided in this subsection (4)(e), the board may  
15 not approve the use of local infrastructure financing within more than  
16 one revenue development area per county.

17 (ii) In a county in which the board has approved the use of local  
18 infrastructure financing, the use of such financing in additional  
19 revenue development areas may be approved, subject to the following  
20 conditions:

21 (A) The sponsoring local government is located in more than one  
22 county; and

23 (B) The sponsoring local government designates a revenue  
24 development area that comprises portions of a county within which the  
25 use of local infrastructure financing has not yet been approved.

26 (iii) In a county where the local infrastructure financing tool is  
27 authorized under RCW 39.102.050, the board may approve additional use  
28 of the local infrastructure financing tool.

29 (5) Once the board has approved the sponsoring local government,  
30 and any cosponsoring local governments, to use local infrastructure  
31 financing, notification must be sent by the board to the sponsoring  
32 local government, and any cosponsoring local governments, authorizing  
33 the sponsoring local government, and any cosponsoring local  
34 governments, to impose the local sales and use tax authorized under RCW  
35 82.14.475, subject to the conditions in RCW 82.14.475.

36 **Sec. 106.** RCW 43.84.092 and 2013 2nd sp.s. c 23 s 24 and 2013 2nd  
37 sp.s. c 11 s 15 are each reenacted and amended to read as follows:

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

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

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

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

31 (a) The following accounts and funds shall receive their  
32 proportionate share of earnings based upon each account's and fund's  
33 average daily balance for the period: The aeronautics account, the  
34 aircraft search and rescue account, the Alaskan Way viaduct replacement  
35 project account, the brownfield redevelopment trust fund account, the  
36 budget stabilization account, the capital vessel replacement account,  
37 the capitol building construction account, the Cedar River channel  
38 construction and operation account, the Central Washington University

1 capital projects account, the charitable, educational, penal and  
2 reformatory institutions account, the cleanup settlement account, the  
3 Columbia river basin water supply development account, the Columbia  
4 river basin taxable bond water supply development account, the Columbia  
5 river basin water supply revenue recovery account, the common school  
6 construction fund, the county arterial preservation account, the county  
7 criminal justice assistance account, the deferred compensation  
8 administrative account, the deferred compensation principal account,  
9 the department of licensing services account, the department of  
10 retirement systems expense account, the developmental disabilities  
11 community trust account, the drinking water assistance account, the  
12 drinking water assistance administrative account, the drinking water  
13 assistance repayment account, the Eastern Washington University capital  
14 projects account, the Interstate 405 express toll lanes operations  
15 account, the education construction fund, the education legacy trust  
16 account, the election account, the energy freedom account, the energy  
17 recovery act account, the essential rail assistance account, The  
18 Evergreen State College capital projects account, the federal forest  
19 revolving account, the ferry bond retirement fund, the freight mobility  
20 investment account, the freight mobility multimodal account, the grade  
21 crossing protective fund, the public health services account, the high  
22 capacity transportation account, the state higher education  
23 construction account, the higher education construction account, the  
24 highway bond retirement fund, the highway infrastructure account, the  
25 highway safety fund, the high occupancy toll lanes operations account,  
26 the hospital safety net assessment fund, the industrial insurance  
27 premium refund account, the judges' retirement account, the judicial  
28 retirement administrative account, the judicial retirement principal  
29 account, the local leasehold excise tax account, the local real estate  
30 excise tax account, the local sales and use tax account, the marine  
31 resources stewardship trust account, the medical aid account, the  
32 mobile home park relocation fund, the motor vehicle fund, the  
33 motorcycle safety education account, the multimodal transportation  
34 account, the multiuse roadway safety account, the municipal criminal  
35 justice assistance account, the natural resources deposit account, the  
36 oyster reserve land account, the pension funding stabilization account,  
37 the perpetual surveillance and maintenance account, the public  
38 employees' retirement system plan 1 account, the public employees'



1 retirement system combined plan 2 and plan 3 account, the public  
2 facilities construction loan revolving account beginning July 1, 2004,  
3 the public health supplemental account, the public works assistance  
4 account, the Puget Sound capital construction account, the Puget Sound  
5 ferry operations account, the real estate appraiser commission account,  
6 the recreational vehicle account, the regional mobility grant program  
7 account, the resource management cost account, the rural arterial trust  
8 account, the rural mobility grant program account, the rural Washington  
9 loan fund, the site closure account, the skilled nursing facility  
10 safety net trust fund, the small city pavement and sidewalk account,  
11 the special category C account, the special wildlife account, the state  
12 employees' insurance account, the state employees' insurance reserve  
13 account, the state investment board expense account, the state  
14 investment board commingled trust fund accounts, the state patrol  
15 highway account, the state route number 520 civil penalties account,  
16 the state route number 520 corridor account, the state wildlife  
17 account, the supplemental pension account, the Tacoma Narrows toll  
18 bridge account, the teachers' retirement system plan 1 account, the  
19 teachers' retirement system combined plan 2 and plan 3 account, the  
20 tobacco prevention and control account, the tobacco settlement account,  
21 the toll facility bond retirement account, the transportation 2003  
22 account (nickel account), the transportation equipment fund, the  
23 transportation fund, the transportation improvement account, the  
24 transportation improvement board bond retirement account, the  
25 transportation infrastructure account, the transportation partnership  
26 account, the traumatic brain injury account, the tuition recovery trust  
27 fund, the University of Washington bond retirement fund, the University  
28 of Washington building account, the volunteer firefighters' and reserve  
29 officers' relief and pension principal fund, the volunteer  
30 firefighters' and reserve officers' administrative fund, the Washington  
31 judicial retirement system account, the Washington law enforcement  
32 officers' and firefighters' system plan 1 retirement account, the  
33 Washington law enforcement officers' and firefighters' system plan 2  
34 retirement account, the Washington public safety employees' plan 2  
35 retirement account, the Washington school employees' retirement system  
36 combined plan 2 and 3 account, (~~the Washington state economic  
37 development commission account,~~) the Washington state health insurance  
38 pool account, the Washington state patrol retirement account, the

1 Washington State University building account, the Washington State  
2 University bond retirement fund, the water pollution control revolving  
3 administration account, the water pollution control revolving fund, the  
4 Western Washington University capital projects account, the Yakima  
5 integrated plan implementation account, the Yakima integrated plan  
6 implementation revenue recovery account, and the Yakima integrated plan  
7 implementation taxable bond account. Earnings derived from investing  
8 balances of the agricultural permanent fund, the normal school  
9 permanent fund, the permanent common school fund, the scientific  
10 permanent fund, the state university permanent fund, and the state  
11 reclamation revolving account shall be allocated to their respective  
12 beneficiary accounts.

13 (b) Any state agency that has independent authority over accounts  
14 or funds not statutorily required to be held in the state treasury that  
15 deposits funds into a fund or account in the state treasury pursuant to  
16 an agreement with the office of the state treasurer shall receive its  
17 proportionate share of earnings based upon each account's or fund's  
18 average daily balance for the period.

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

22 **Sec. 107.** RCW 43.84.092 and 2013 2nd sp.s. c 23 s 25 and 2013 2nd  
23 sp.s. c 11 s 16 are each reenacted and amended to read as follows:

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

27 (2) The treasury income account shall be utilized to pay or receive  
28 funds associated with federal programs as required by the federal cash  
29 management improvement act of 1990. The treasury income account is  
30 subject in all respects to chapter 43.88 RCW, but no appropriation is  
31 required for refunds or allocations of interest earnings required by  
32 the cash management improvement act. Refunds of interest to the  
33 federal treasury required under the cash management improvement act  
34 fall under RCW 43.88.180 and shall not require appropriation. The  
35 office of financial management shall determine the amounts due to or  
36 from the federal government pursuant to the cash management improvement  
37 act. The office of financial management may direct transfers of funds

1 between accounts as deemed necessary to implement the provisions of the  
2 cash management improvement act, and this subsection. Refunds or  
3 allocations shall occur prior to the distributions of earnings set  
4 forth in subsection (4) of this section.

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

13 (4) Monthly, the state treasurer shall distribute the earnings  
14 credited to the treasury income account. The state treasurer shall  
15 credit the general fund with all the earnings credited to the treasury  
16 income account except:

17 (a) The following accounts and funds shall receive their  
18 proportionate share of earnings based upon each account's and fund's  
19 average daily balance for the period: The aeronautics account, the  
20 aircraft search and rescue account, the Alaskan Way viaduct replacement  
21 project account, the brownfield redevelopment trust fund account, the  
22 budget stabilization account, the capital vessel replacement account,  
23 the capitol building construction account, the Cedar River channel  
24 construction and operation account, the Central Washington University  
25 capital projects account, the charitable, educational, penal and  
26 reformatory institutions account, the cleanup settlement account, the  
27 Columbia river basin water supply development account, the Columbia  
28 river basin taxable bond water supply development account, the Columbia  
29 river basin water supply revenue recovery account, the Columbia river  
30 crossing project account, the common school construction fund, the  
31 county arterial preservation account, the county criminal justice  
32 assistance account, the deferred compensation administrative account,  
33 the deferred compensation principal account, the department of  
34 licensing services account, the department of retirement systems  
35 expense account, the developmental disabilities community trust  
36 account, the drinking water assistance account, the drinking water  
37 assistance administrative account, the drinking water assistance  
38 repayment account, the Eastern Washington University capital projects

1 account, the Interstate 405 express toll lanes operations account, the  
2 education construction fund, the education legacy trust account, the  
3 election account, the energy freedom account, the energy recovery act  
4 account, the essential rail assistance account, The Evergreen State  
5 College capital projects account, the federal forest revolving account,  
6 the ferry bond retirement fund, the freight mobility investment  
7 account, the freight mobility multimodal account, the grade crossing  
8 protective fund, the public health services account, the high capacity  
9 transportation account, the state higher education construction  
10 account, the higher education construction account, the highway bond  
11 retirement fund, the highway infrastructure account, the highway safety  
12 fund, the high occupancy toll lanes operations account, the hospital  
13 safety net assessment fund, the industrial insurance premium refund  
14 account, the judges' retirement account, the judicial retirement  
15 administrative account, the judicial retirement principal account, the  
16 local leasehold excise tax account, the local real estate excise tax  
17 account, the local sales and use tax account, the marine resources  
18 stewardship trust account, the medical aid account, the mobile home  
19 park relocation fund, the motor vehicle fund, the motorcycle safety  
20 education account, the multimodal transportation account, the multiuse  
21 roadway safety account, the municipal criminal justice assistance  
22 account, the natural resources deposit account, the oyster reserve land  
23 account, the pension funding stabilization account, the perpetual  
24 surveillance and maintenance account, the public employees' retirement  
25 system plan 1 account, the public employees' retirement system combined  
26 plan 2 and plan 3 account, the public facilities construction loan  
27 revolving account beginning July 1, 2004, the public health  
28 supplemental account, the public works assistance account, the Puget  
29 Sound capital construction account, the Puget Sound ferry operations  
30 account, the real estate appraiser commission account, the recreational  
31 vehicle account, the regional mobility grant program account, the  
32 resource management cost account, the rural arterial trust account, the  
33 rural mobility grant program account, the rural Washington loan fund,  
34 the site closure account, the skilled nursing facility safety net trust  
35 fund, the small city pavement and sidewalk account, the special  
36 category C account, the special wildlife account, the state employees'  
37 insurance account, the state employees' insurance reserve account, the  
38 state investment board expense account, the state investment board

1 commingled trust fund accounts, the state patrol highway account, the  
2 state route number 520 civil penalties account, the state route number  
3 520 corridor account, the state wildlife account, the supplemental  
4 pension account, the Tacoma Narrows toll bridge account, the teachers'  
5 retirement system plan 1 account, the teachers' retirement system  
6 combined plan 2 and plan 3 account, the tobacco prevention and control  
7 account, the tobacco settlement account, the toll facility bond  
8 retirement account, the transportation 2003 account (nickel account),  
9 the transportation equipment fund, the transportation fund, the  
10 transportation improvement account, the transportation improvement  
11 board bond retirement account, the transportation infrastructure  
12 account, the transportation partnership account, the traumatic brain  
13 injury account, the tuition recovery trust fund, the University of  
14 Washington bond retirement fund, the University of Washington building  
15 account, the volunteer firefighters' and reserve officers' relief and  
16 pension principal fund, the volunteer firefighters' and reserve  
17 officers' administrative fund, the Washington judicial retirement  
18 system account, the Washington law enforcement officers' and  
19 firefighters' system plan 1 retirement account, the Washington law  
20 enforcement officers' and firefighters' system plan 2 retirement  
21 account, the Washington public safety employees' plan 2 retirement  
22 account, the Washington school employees' retirement system combined  
23 plan 2 and 3 account, (~~the Washington state economic development~~  
24 ~~commission account,~~) the Washington state health insurance pool  
25 account, the Washington state patrol retirement account, the Washington  
26 State University building account, the Washington State University bond  
27 retirement fund, the water pollution control revolving administration  
28 account, the water pollution control revolving fund, the Western  
29 Washington University capital projects account, the Yakima integrated  
30 plan implementation account, the Yakima integrated plan implementation  
31 revenue recovery account, and the Yakima integrated plan implementation  
32 taxable bond account. Earnings derived from investing balances of the  
33 agricultural permanent fund, the normal school permanent fund, the  
34 permanent common school fund, the scientific permanent fund, the state  
35 university permanent fund, and the state reclamation revolving account  
36 shall be allocated to their respective beneficiary accounts.

37 (b) Any state agency that has independent authority over accounts  
38 or funds not statutorily required to be held in the state treasury that

1 deposits funds into a fund or account in the state treasury pursuant to  
2 an agreement with the office of the state treasurer shall receive its  
3 proportionate share of earnings based upon each account's or fund's  
4 average daily balance for the period.

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

8 **Sec. 108.** RCW 43.160.060 and 2012 c 196 s 10 are each amended to  
9 read as follows:

10 (1) The board is authorized to make direct loans to political  
11 subdivisions of the state and to federally recognized Indian tribes for  
12 the purposes of assisting the political subdivisions and federally  
13 recognized Indian tribes in financing the cost of public facilities,  
14 including development of land and improvements for public facilities,  
15 project-specific environmental, capital facilities, land use,  
16 permitting, feasibility, and marketing studies and plans; project  
17 design, site planning, and analysis; project debt and revenue impact  
18 analysis; as well as the construction, rehabilitation, alteration,  
19 expansion, or improvement of the facilities. A grant may also be  
20 authorized for purposes designated in this chapter, but only when, and  
21 to the extent that, a loan is not reasonably possible, given the  
22 limited resources of the political subdivision or the federally  
23 recognized Indian tribe and the finding by the board that financial  
24 circumstances require grant assistance to enable the project to move  
25 forward. However, no more than twenty-five percent of all financial  
26 assistance approved by the board in any biennium may consist of grants  
27 to political subdivisions and federally recognized Indian tribes.

28 (2) Application for funds must be made in the form and manner as  
29 the board may prescribe. In making grants or loans the board must  
30 conform to the following requirements:

- 31 (a) The board may not provide financial assistance:
  - 32 (i) For a project the primary purpose of which is to facilitate or  
33 promote a retail shopping development or expansion.
  - 34 (ii) For any project that evidence exists would result in a  
35 development or expansion that would displace existing jobs in any other  
36 community in the state.

1 (iii) For a project the primary purpose of which is to facilitate  
2 or promote gambling.

3 (iv) For a project located outside the jurisdiction of the  
4 applicant political subdivision or federally recognized Indian tribe.

5 (b) The board may only provide financial assistance:

6 (i) For a project demonstrating convincing evidence that a specific  
7 private development or expansion is ready to occur and will occur only  
8 if the public facility improvement is made that:

9 (A) Results in the creation of significant private sector jobs or  
10 significant private sector capital investment as determined by the  
11 board (~~and is consistent with the state comprehensive economic  
12 development plan developed by the Washington economic development  
13 commission pursuant to chapter 43.162 RCW, once the plan is adopted~~);  
14 and

15 (B) Will improve the opportunities for the successful maintenance,  
16 establishment, or expansion of industrial or commercial plants or will  
17 otherwise assist in the creation or retention of long-term economic  
18 opportunities;

19 (ii) For a project that cannot meet the requirement of (b)(i) of  
20 this subsection but is a project that:

21 (A) Results in the creation of significant private sector jobs or  
22 significant private sector capital investment as determined by the  
23 board (~~and is consistent with the state comprehensive economic  
24 development plan developed by the Washington economic development  
25 commission pursuant to chapter 43.162 RCW, once the plan is adopted~~);

26 (B) Is part of a local economic development plan consistent with  
27 applicable state planning requirements;

28 (C) Can demonstrate project feasibility using standard economic  
29 principles; and

30 (D) Is located in a rural community as defined by the board, or a  
31 rural county;

32 (iii) For site-specific plans, studies, and analyses that address  
33 environmental impacts, capital facilities, land use, permitting,  
34 feasibility, marketing, project engineering, design, site planning, and  
35 project debt and revenue impacts, as grants not to exceed fifty  
36 thousand dollars.

37 (c) The board must develop guidelines for local participation and  
38 allowable match and activities.

1 (d) An application must demonstrate local match and local  
2 participation, in accordance with guidelines developed by the board.

3 (e) An application must be approved by the political subdivision  
4 and supported by the local associate development organization or local  
5 workforce development council or approved by the governing body of the  
6 federally recognized Indian tribe.

7 (f) The board may allow de minimis general system improvements to  
8 be funded if they are critically linked to the viability of the  
9 project.

10 (g) An application must demonstrate convincing evidence that the  
11 median hourly wage of the private sector jobs created after the project  
12 is completed will exceed the countywide median hourly wage.

13 (h) The board must prioritize each proposed project according to:

14 (i) The relative benefits provided to the community by the jobs the  
15 project would create, not just the total number of jobs it would create  
16 after the project is completed, but also giving consideration to the  
17 unemployment rate in the area in which the jobs would be located;

18 (ii) The rate of return of the state's investment, including, but  
19 not limited to, the leveraging of private sector investment,  
20 anticipated job creation and retention, and expected increases in state  
21 and local tax revenues associated with the project;

22 (iii) Whether the proposed project offers a health insurance plan  
23 for employees that includes an option for dependents of employees;

24 (iv) Whether the public facility investment will increase existing  
25 capacity necessary to accommodate projected population and employment  
26 growth in a manner that supports infill and redevelopment of existing  
27 urban or industrial areas that are served by adequate public  
28 facilities. Projects should maximize the use of existing  
29 infrastructure and provide for adequate funding of necessary  
30 transportation improvements;

31 (v) Whether the applicant's permitting process has been certified  
32 as streamlined by the office of regulatory assistance; and

33 (vi) Whether the applicant has developed and adhered to guidelines  
34 regarding its permitting process for those applying for development  
35 permits consistent with section 1(2), chapter 231, Laws of 2007.

36 (i) A responsible official of the political subdivision or the  
37 federally recognized Indian tribe must be present during board  
38 deliberations and provide information that the board requests.



1 (3) Before any financial assistance application is approved, the  
2 political subdivision or the federally recognized Indian tribe seeking  
3 the assistance must demonstrate to the community economic  
4 revitalization board that no other timely source of funding is  
5 available to it at costs reasonably similar to financing available from  
6 the community economic revitalization board.

7 **Sec. 109.** RCW 43.160.900 and 2008 c 327 s 9 are each amended to  
8 read as follows:

9 (1) The community economic revitalization board shall conduct  
10 biennial outcome-based evaluations of the financial assistance provided  
11 under this chapter. The evaluations shall include information on the  
12 number of applications for community economic revitalization board  
13 assistance; the number and types of projects approved; the grant or  
14 loan amount awarded each project; the projected number of jobs created  
15 or retained by each project; the actual number and cost of jobs created  
16 or retained by each project; the wages and health benefits associated  
17 with the jobs; the amount of state funds and total capital invested in  
18 projects; the number and types of businesses assisted by funded  
19 projects; the location of funded projects; the transportation  
20 infrastructure available for completed projects; the local match and  
21 local participation obtained; the number of delinquent loans; and the  
22 number of project terminations. The evaluations may also include  
23 additional performance measures and recommendations for programmatic  
24 changes.

25 ~~(2)((a) By September 1st of each even-numbered year, the board~~  
26 ~~shall forward its draft evaluation to the Washington state economic~~  
27 ~~development commission for review and comment, as required in section~~  
28 ~~10 of this act. The board shall provide any additional information as~~  
29 ~~may be requested by the commission for the purpose of its review.~~

30 ~~(b) Any written comments or recommendations provided by the~~  
31 ~~commission as a result of its review shall be included in the board's~~  
32 ~~completed evaluation.))~~ The evaluation must be presented to the  
33 governor and appropriate committees of the legislature by December 31st  
34 of each even-numbered year. The initial evaluation must be submitted  
35 by December 31, 2010.

1       **Sec. 110.** RCW 43.330.050 and 2005 c 136 s 12 are each amended to  
2 read as follows:

3       The department shall be responsible for promoting community and  
4 economic development within the state by assisting the state's  
5 communities to increase the quality of life of their citizens and their  
6 economic vitality, and by assisting the state's businesses to maintain  
7 and increase their economic competitiveness, while maintaining a  
8 healthy environment. Community and economic development efforts shall  
9 include: Efforts to increase economic opportunity; local planning to  
10 manage growth; the promotion and provision of affordable housing and  
11 housing-related services; providing public infrastructure; business and  
12 trade development; assisting firms and industrial sectors to increase  
13 their competitiveness; fostering the development of minority and women-  
14 owned businesses; facilitating technology development, transfer, and  
15 diffusion; community services and advocacy for low-income persons; and  
16 public safety efforts. The department shall have the following general  
17 functions and responsibilities:

18       (1) Provide advisory assistance to the governor, other state  
19 agencies, and the legislature on community and economic development  
20 matters and issues;

21       (2) Assist the governor in coordinating the activities of state  
22 agencies that have an impact on local government and communities;

23       (3) Cooperate with ~~((the Washington state economic development~~  
24 ~~commission,))~~ the legislature~~((,))~~ and the governor in the development  
25 and implementation of strategic plans for the state's community and  
26 economic development efforts;

27       (4) Solicit private and federal grants for economic and community  
28 development programs and administer such programs in conjunction with  
29 other programs assigned to the department by the governor or the  
30 legislature;

31       (5) Cooperate with and provide technical and financial assistance  
32 to local governments, businesses, and community-based organizations  
33 serving the communities of the state for the purpose of aiding and  
34 encouraging orderly, productive, and coordinated development of the  
35 state, and, unless stipulated otherwise, give additional consideration  
36 to local communities and individuals with the greatest relative need  
37 and the fewest resources;

1 (6) Participate with other states or subdivisions thereof in  
2 interstate programs and assist cities, counties, municipal  
3 corporations, governmental conferences or councils, and regional  
4 planning commissions to participate with other states and provinces or  
5 their subdivisions;

6 (7) Hold public hearings and meetings to carry out the purposes of  
7 this chapter;

8 (8) Conduct research and analysis in furtherance of the state's  
9 economic and community development efforts including maintenance of  
10 current information on market, demographic, and economic trends as they  
11 affect different industrial sectors, geographic regions, and  
12 communities with special economic and social problems in the state; and

13 (9) Develop a schedule of fees for services where appropriate.

14 **Sec. 111.** RCW 43.330.080 and 2012 c 195 s 1 are each amended to  
15 read as follows:

16 (1)(a) The department must contract with county-designated  
17 associate development organizations to increase the support for and  
18 coordination of community and economic development services in  
19 communities or regional areas. The contracting organizations in each  
20 community or regional area must:

21 (i) Be broadly representative of community and economic interests;

22 (ii) Be capable of identifying key economic and community  
23 development problems, developing appropriate solutions, and mobilizing  
24 broad support for recommended initiatives;

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

27 (iv) Work with and include local governments, local chambers of  
28 commerce, workforce development councils, port districts, labor groups,  
29 institutions of higher education, community action programs, and other  
30 appropriate private, public, or nonprofit community and economic  
31 development groups; and

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

34 (b) The scope of services delivered under the contracts required in  
35 (a) of this subsection must include two broad areas of work:

36 (i) Direct assistance, including business planning, to companies  
37 throughout the county who need support to stay in business, expand, or

1 relocate to Washington from out of state or other countries.  
2 Assistance must comply with business recruitment and retention  
3 protocols established in RCW 43.330.062, and includes:

4 (A) Working with the appropriate partners throughout the county  
5 including, but not limited to, local governments, workforce development  
6 councils, port districts, community and technical colleges and higher  
7 education institutions, export assistance providers, impact Washington,  
8 the Washington state quality award council, small business assistance  
9 programs, innovation partnership zones, and other federal, state, and  
10 local programs to facilitate the alignment of planning efforts and the  
11 seamless delivery of business support services within the entire  
12 county;

13 (B) Providing information on state and local permitting processes,  
14 tax issues, export assistance, and other essential information for  
15 operating, expanding, or locating a business in Washington;

16 (C) Marketing Washington and local areas as excellent locations to  
17 expand or relocate a business and positioning Washington as a globally  
18 competitive place to grow business, which may include developing and  
19 executing regional plans to attract companies from out of state;

20 (D) Working with businesses on site location and selection  
21 assistance;

22 (E) Providing business retention and expansion services throughout  
23 the county. Such services must include, but are not limited to,  
24 business outreach and monitoring efforts to identify and address  
25 challenges and opportunities faced by businesses, assistance to trade  
26 impacted businesses in applying for grants from the federal trade  
27 adjustment assistance for firms program, and the provision of  
28 information to businesses on:

29 (I) Resources available for microenterprise development;

30 (II) Resources available on the revitalization of commercial  
31 districts; and

32 (III) The opportunity to maintain jobs through shared work programs  
33 authorized under chapter 50.60 RCW;

34 (F) Participating in economic development system-wide discussions  
35 regarding gaps in business start-up assistance in Washington;

36 (G) Providing or facilitating the provision of export assistance  
37 through workshops or one-on-one assistance; and

1 (H) Using a web-based information system to track data on business  
2 recruitment, retention, expansion, and trade; and

3 (ii) Support for regional economic research and regional planning  
4 efforts to implement target industry sector strategies and other  
5 economic development strategies, including cluster-based strategies.  
6 Research and planning efforts should support increased living standards  
7 and increased foreign direct investment, and be aligned with the  
8 statewide economic development strategy. Regional associate  
9 development organizations retain their independence to address local  
10 concerns and goals. Activities include:

11 (A) Participating in regional planning efforts with workforce  
12 development councils involving coordinated strategies around workforce  
13 development and economic development policies and programs.  
14 Coordinated planning efforts must include, but not be limited to,  
15 assistance to industry clusters in the region;

16 (B) Participating with the state board for community and technical  
17 colleges as created in RCW 28B.50.050, and any community and technical  
18 colleges in the coordination of the job skills training program and the  
19 customized training program within its region;

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

30 (D) In conjunction with other governmental jurisdictions and  
31 institutions, (~~participate~~ [participating]) participating in the  
32 development of a countywide economic development plan(~~(, consistent  
33 with the state comprehensive plan for economic development developed by  
34 the Washington state economic development commission)~~)).

35 (2) The department must provide business services training to the  
36 contracting organizations, including but not limited to:

37 (a) Training in the fundamentals of export assistance and the

1 services available from private and public export assistance providers  
2 in the state; and

3 (b) Training in the provision of business retention and expansion  
4 services as required by subsection (1)(b)(i)(E) of this section.

5 **Sec. 112.** RCW 43.330.082 and 2012 c 195 s 2 are each amended to  
6 read as follows:

7 (1)(a) Contracting associate development organizations must provide  
8 the department with measures of their performance and a summary of best  
9 practices shared and implemented by the contracting organizations.  
10 Annual reports must include the following information to show the  
11 contracting organization's impact on employment and overall changes in  
12 employment: Current employment and economic information for the  
13 community or regional area produced by the employment security  
14 department; the net change from the previous year's employment and  
15 economic information using data produced by the employment security  
16 department; other relevant information on the community or regional  
17 area; the amount of funds received by the contracting organization  
18 through its contract with the department; the amount of funds received  
19 by the contracting organization(~~(s)~~) through all sources; and the  
20 contracting organization's impact on employment through all funding  
21 sources. Annual reports may include the impact of the contracting  
22 organization on wages, exports, tax revenue, small business creation,  
23 foreign direct investment, business relocations, expansions,  
24 terminations, and capital investment. Data must be input into a common  
25 web-based business information system managed by the department.  
26 Specific measures, data standards, and data definitions must be  
27 developed in the contracting process between the department(~~(, the~~  
28 ~~economic development commission,~~) and the contracting organization  
29 every two years. Except as provided in (b) of this subsection,  
30 performance measures should be consistent across regions to allow for  
31 statewide evaluation.

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

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

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

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

9 (b) Contracting organizations that fail to achieve the agreed  
10 performance targets in more than one-half of the agreed measures must  
11 develop remediation plans to address performance gaps. The remediation  
12 plans must include revised performance thresholds specifically chosen  
13 to provide evidence of progress in making the identified service  
14 changes.

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

25 (3) The department must submit (~~(a preliminary report to the~~  
26 ~~Washington economic development commission by September 1st of each~~  
27 ~~even-numbered year, and)) a final report to the legislature (~~and the~~  
28 ~~Washington economic development commission)) by December 31st of each~~  
29 even-numbered year on the performance results of the contracts with  
30 associate development organizations.~~

31 (~~(4) Contracting associate development organizations must provide~~  
32 ~~the Washington state economic development commission with information~~  
33 ~~to be used in the comprehensive statewide economic development strategy~~  
34 ~~and progress report due under RCW 43.162.020, by the date determined by~~  
35 ~~the commission.))~~

36 **Sec. 113.** RCW 43.330.090 and 2012 c 198 s 3 are each amended to  
37 read as follows:

1           (1) The department shall work with private sector organizations,  
2 industry and sector associations, federal agencies, state agencies that  
3 use a sector-based approach to service delivery, local governments,  
4 local associate development organizations, and higher education and  
5 training institutions in the development of industry sector-based  
6 strategies to diversify the economy, facilitate technology transfer and  
7 diffusion, and increase value-added production. The industry sectors  
8 targeted by the department may include, but are not limited to,  
9 aerospace, agriculture, food processing, forest products, marine  
10 services, health and biomedical, software, digital and interactive  
11 media, transportation and distribution, and microelectronics. The  
12 department shall, on a continuing basis, evaluate the potential return  
13 to the state from devoting additional resources to an industry sector-  
14 based approach to economic development and identifying and assisting  
15 additional sectors.

16           (2) The department's sector-based strategies shall include, but not  
17 be limited to, cluster-based strategies that focus on assisting  
18 regional industry sectors and related firms and institutions that meet  
19 the definition of an industry cluster in this section and based on  
20 criteria identified by the working group established in this chapter.

21           (3)(a) The department shall promote, market, and encourage growth  
22 in the production of films and videos, as well as television  
23 commercials within the state; to this end the department is directed to  
24 assist in the location of a film and video production studio within the  
25 state.

26           (b) The department may, in carrying out its efforts to encourage  
27 film and video production in the state, solicit and receive gifts,  
28 grants, funds, fees, and endowments, in trust or otherwise, from  
29 tribal, local, or other governmental entities, as well as private  
30 sources, and may expend the same or any income therefrom for the  
31 encouragement of film and video production. All revenue received for  
32 such purposes shall be deposited into the general fund.

33           (4) In assisting in the development of regional and statewide  
34 industry cluster-based strategies, the department's activities shall  
35 include, but are not limited to:

36           (a) Facilitating regional focus group discussions and conducting  
37 studies to identify industry clusters, appraise the current information



1 linkages within a cluster, and identify issues of common concern within  
2 a cluster;

3 (b) Supporting industry and cluster associations, publications of  
4 association and cluster directories, and related efforts to create or  
5 expand the activities of industry and cluster associations;

6 (c) Administering a competitive grant program to fund economic  
7 development activities designed to further regional cluster growth. In  
8 administering the program, the department shall work with (~~the~~  
9 ~~economic development commission,~~) the workforce training and education  
10 coordinating board, the state board for community and technical  
11 colleges, the employment security department, business, and labor.

12 (i) The department shall seek recommendations on criteria for  
13 evaluating applications for grant funds and recommend applicants for  
14 receipt of grant funds. Criteria shall include not duplicating the  
15 purpose or efforts of industry skill panels.

16 (ii) Applicants must include organizations from at least two  
17 counties and participants from the local business community. Eligible  
18 organizations include, but are not limited to, local governments,  
19 economic development councils, chambers of commerce, federally  
20 recognized Indian tribes, workforce development councils, and  
21 educational institutions.

22 (iii) Applications must evidence financial participation of the  
23 partner organizations.

24 (iv) Eligible activities include the formation of cluster economic  
25 development partnerships, research and analysis of economic development  
26 needs of the cluster, the development of a plan to meet the economic  
27 development needs of the cluster, and activities to implement the plan.

28 (v) Priority shall be given to applicants that complement industry  
29 skill panels and will use the grant funds to build linkages and joint  
30 projects.

31 (vi) The maximum amount of a grant is one hundred thousand dollars.

32 (vii) A maximum of one hundred thousand dollars total can go to  
33 King, Pierce, Kitsap, and Snohomish counties combined.

34 (viii) No more than ten percent of funds received for the grant  
35 program may be used by the department for administrative costs.

36 (5) As used in this chapter, "industry cluster" means a geographic  
37 concentration of interconnected companies in a single industry, related

1 businesses in other industries, including suppliers and customers, and  
2 associated institutions, including government and education.

3 **Sec. 114.** RCW 43.330.250 and 2013 2nd sp.s. c 24 s 1 are each  
4 amended to read as follows:

5 (1) The economic development strategic reserve account is created  
6 in the state treasury to be used only for the purposes of this section.

7 (2) Only the governor, with the recommendation of the director of  
8 the department of commerce (~~and the economic development commission~~),  
9 may authorize expenditures from the account.

10 (3) (~~Expenditures from the account shall be made in an amount~~  
11 ~~sufficient to fund a minimum of one staff position for the economic~~  
12 ~~development commission and to cover any other operational costs of the~~  
13 ~~commission.~~

14 ~~(4))~~ During the 2009-2011 and 2011-2013 fiscal biennia, moneys in  
15 the account may also be transferred into the state general fund.

16 ~~((5))~~ (4) Expenditures from the account may be made to prevent  
17 closure of a business or facility, to prevent relocation of a business  
18 or facility in the state to a location outside the state, or to recruit  
19 a business or facility to the state. Expenditures may be authorized  
20 for:

21 (a) Workforce development;

22 (b) Public infrastructure needed to support or sustain the  
23 operations of the business or facility;

24 (c) Other lawfully provided assistance, including, but not limited  
25 to, technical assistance, environmental analysis, relocation  
26 assistance, and planning assistance. Funding may be provided for such  
27 assistance only when it is in the public interest and may only be  
28 provided under a contractual arrangement ensuring that the state will  
29 receive appropriate consideration, such as an assurance of job creation  
30 or retention; and

31 (d) The joint center for aerospace technology innovation.

32 ~~((6))~~ (5) The funds shall not be expended from the account  
33 unless:

34 (a) The circumstances are such that time does not permit the  
35 director of the department of commerce or the business or facility to  
36 secure funding from other state sources;

1 (b) The business or facility produces or will produce significant  
2 long-term economic benefits to the state, a region of the state, or a  
3 particular community in the state;

4 (c) The business or facility does not require continuing state  
5 support;

6 (d) The expenditure will result in new jobs, job retention, or  
7 higher incomes for citizens of the state;

8 (e) The expenditure will not supplant private investment; and

9 (f) The expenditure is accompanied by private investment.

10 (~~(+7)~~) (6) No more than three million dollars per year may be  
11 expended from the account for the purpose of assisting an individual  
12 business or facility pursuant to the authority specified in this  
13 section.

14 (~~(+8)~~) (7) If the account balance in the strategic reserve account  
15 exceeds fifteen million dollars at any time, the amount in excess of  
16 fifteen million dollars shall be transferred to the education  
17 construction account.

18 **Sec. 115.** RCW 43.330.270 and 2012 c 225 s 1 are each amended to  
19 read as follows:

20 (1) The department must design and implement an innovation  
21 partnership zone program through which the state will encourage and  
22 support research institutions, workforce training organizations, and  
23 globally competitive companies to work cooperatively in close  
24 geographic proximity to create commercially viable products and jobs.

25 (2) The director must designate innovation partnership zones on the  
26 basis of the following criteria:

27 (a) Innovation partnership zones must have three types of  
28 institutions operating within their boundaries, or show evidence of  
29 planning and local partnerships that will lead to dense concentrations  
30 of these institutions:

31 (i) Research capacity in the form of a university or community  
32 college fostering commercially valuable research, nonprofit  
33 institutions creating commercially applicable innovations, or a  
34 national laboratory;

35 (ii) An industry cluster as defined in RCW 43.330.090. The cluster  
36 must include a dense proximity of globally competitive firms in a  
37 research-based industry or industries or individual firms with

1 innovation strategies linked to (a)(i) of this subsection. A globally  
2 competitive firm may be signified through international organization  
3 for standardization 9000 or 1400 certification, or evidence of sales in  
4 international markets; and

5 (iii) Training capacity either within the zone or readily  
6 accessible to the zone. The training capacity requirement may be met  
7 by the same institution as the research capacity requirement, to the  
8 extent both are associated with an educational institution in the  
9 proposed zone.

10 (b) The support of a local jurisdiction, a research institution, an  
11 educational institution, an industry or cluster association, a  
12 workforce development council, and an associate development  
13 organization, port, or chamber of commerce;

14 (c) Identifiable boundaries for the zone within which the applicant  
15 will concentrate efforts to connect innovative researchers,  
16 entrepreneurs, investors, industry associations or clusters, and  
17 training providers. The geographic area defined should lend itself to  
18 a distinct identity and have the capacity to accommodate firm growth;

19 (d) The innovation partnership zone administrator must be an  
20 economic development council, port, workforce development council,  
21 city, or county.

22 (3) With respect solely to the research capacity required in  
23 subsection (2)(a)(i) of this section, the director may waive the  
24 requirement that the research institution be located within the zone.  
25 To be considered for such a waiver, an applicant must provide a  
26 specific plan that demonstrates the research institution's unique  
27 qualifications and suitability for the zone, and the types of jointly  
28 executed activities that will be used to ensure ongoing, face-to-face  
29 interaction and research collaboration among the zone's partners.

30 (4) On October 1st of each odd-numbered year, the director must  
31 designate innovation partnership zones on the basis of applications  
32 that meet the legislative criteria, estimated economic impact of the  
33 zone, evidence of forward planning for the zone, and other criteria as  
34 developed by the department (~~(in consultation with the Washington state  
35 economic development commission)~~). Estimated economic impact must  
36 include evidence of anticipated private investment, job creation,  
37 innovation, and commercialization. The director must require evidence

1 that zone applicants will promote commercialization, innovation, and  
2 collaboration among zone residents.

3 (5) Innovation partnership zones are eligible for funds and other  
4 resources as provided by the legislature or at the discretion of the  
5 governor.

6 (6) If the innovation partnership zone meets the other requirements  
7 of the fund sources, then the zone is eligible for the following funds  
8 relating to:

9 (a) The local infrastructure financing tools program;

10 (b) The sales and use tax for public facilities in rural counties;

11 (c) Job skills;

12 (d) Local improvement districts; and

13 (e) Community economic revitalization board projects under chapter  
14 43.160 RCW.

15 (7) An innovation partnership zone must be designated as a zone for  
16 a four-year period. At the end of the four-year period, the zone must  
17 reapply for the designation through the department.

18 (8) If the director finds that an applicant does not meet all of  
19 the statutory criteria or additional criteria recommended by the  
20 department (~~(in consultation with the Washington state economic~~  
21 ~~development commission)) to be designated as an innovation partnership  
22 zone, the department must:~~

23 (a) Identify the deficiencies in the proposal and recommended steps  
24 for the applicant to take to strengthen the proposal;

25 (b) Provide the applicant with the opportunity to appeal the  
26 decision to the director; and

27 (c) Allow the applicant to reapply for innovation partnership  
28 designation on October 1st of the following calendar year or during any  
29 subsequent application cycle.

30 (9) If the director finds at any time after the initial year of  
31 designation that an innovation partnership zone is failing to meet the  
32 performance standards required in its contract with the department, the  
33 director may withdraw such designation and cease state funding of the  
34 zone.

35 (10) The department must convene annual information sharing events  
36 for innovation partnership zone administrators and other interested  
37 parties.

1 (11) An innovation partnership zone must annually provide  
2 performance measures as required by the director, including but not  
3 limited to private investment measures, job creation measures, and  
4 measures of innovation such as licensing of ideas in research  
5 institutions, patents, or other recognized measures of innovation.

6 (12) The department must compile a biennial report on the  
7 innovation partnership zone program by December 1st of every even-  
8 numbered year. The report must provide information for each zone on  
9 its: Objectives; funding, tax incentives, and other support obtained  
10 from public sector sources; major activities; partnerships; performance  
11 measures; and outcomes achieved since the inception of the zone or  
12 since the previous biennial report. (~~The Washington state economic  
13 development commission must review the department's draft report and  
14 make recommendations on ways to increase the effectiveness of  
15 individual zones and the program overall.~~) The department must submit  
16 the report(~~(, including the commission's recommendations,)~~) to the  
17 governor and legislature beginning December 1, 2010.

18 **Sec. 116.** RCW 43.330.280 and 2012 c 229 s 708 are each amended to  
19 read as follows:

20 (1) The (~~Washington state economic development commission~~)  
21 department shall(~~(, with the advice of an innovation partnership  
22 advisory group selected by the commission: (a) Provide information and  
23 advice to the department of commerce to assist in the implementation of  
24 the innovation partnership zone program, including criteria to be used  
25 in the selection of grant applicants for funding;~~

26 ~~(b))~~ document clusters of companies throughout the state that have  
27 comparative competitive advantage or the potential for comparative  
28 competitive advantage, using the process and criteria for identifying  
29 strategic clusters developed by the working group specified in  
30 subsection (2) of this section(~~(+~~

31 ~~(c) Conduct an innovation opportunity analysis to identify (i) the  
32 strongest current intellectual assets and research teams in the state  
33 focused on emerging technologies and their commercialization, and (ii)  
34 faculty and researchers that could increase their focus on  
35 commercialization of technology if provided the appropriate technical  
36 assistance and resources;~~

1       ~~(d) Based on its findings and analysis, and in conjunction with the~~  
2 ~~research institutions:~~

3       ~~(i) Develop a plan to build on existing, and develop new,~~  
4 ~~intellectual assets and innovation research teams in the state in~~  
5 ~~research areas where there is a high potential to commercialize~~  
6 ~~technologies. The commission shall present the plan to the governor~~  
7 ~~and legislature by December 31, 2009. The publicly funded research~~  
8 ~~institutions in the state shall be responsible for implementing the~~  
9 ~~plan. The plan shall address the following elements and such other~~  
10 ~~elements as the commission deems important:~~

11       ~~(A) Specific mechanisms to support, enhance, or develop innovation~~  
12 ~~research teams and strengthen their research and commercialization~~  
13 ~~capacity in areas identified as useful to strategic clusters and~~  
14 ~~innovative firms in the state;~~

15       ~~(B) Identification of the funding necessary for laboratory~~  
16 ~~infrastructure needed to house innovation research teams;~~

17       ~~(C) Specification of the most promising research areas meriting~~  
18 ~~enhanced resources and recruitment of significant entrepreneurial~~  
19 ~~researchers to join or lead innovation research teams;~~

20       ~~(D) The most productive approaches to take in the recruitment, in~~  
21 ~~the identified promising research areas, of a minimum of ten~~  
22 ~~significant entrepreneurial researchers over the next ten years to join~~  
23 ~~or lead innovation research teams;~~

24       ~~(E) Steps to take in solicitation of private sector support for the~~  
25 ~~recruitment of entrepreneurial researchers and the commercialization~~  
26 ~~activity of innovation research teams; and~~

27       ~~(F) Mechanisms for ensuring the location of innovation research~~  
28 ~~teams in innovation partnership zones;~~

29       ~~(ii) Provide direction for the development of comprehensive~~  
30 ~~entrepreneurial assistance programs at research institutions. The~~  
31 ~~programs may involve multidisciplinary students, faculty,~~  
32 ~~entrepreneurial researchers, entrepreneurs, and investors in building~~  
33 ~~business models and evolving business plans around innovative ideas.~~  
34 ~~The programs may provide technical assistance and the support of an~~  
35 ~~entrepreneur in residence to innovation research teams and offer~~  
36 ~~entrepreneurial training to faculty, researchers, undergraduates, and~~  
37 ~~graduate students. Curriculum leading to a certificate in~~  
38 ~~entrepreneurship may also be offered;~~

1       ~~(e) Develop performance measures to be used in evaluating the~~  
2 ~~performance of innovation research teams, the implementation of the~~  
3 ~~plan and programs under (d)(i) and (ii) of this subsection, and the~~  
4 ~~performance of innovation partnership zone grant recipients, including~~  
5 ~~but not limited to private investment measures, business initiation~~  
6 ~~measures, job creation measures, and measures of innovation such as~~  
7 ~~licensing of ideas in research institutions, patents, or other~~  
8 ~~recognized measures of innovation. The performance measures developed~~  
9 ~~shall be consistent with the economic development commission's~~  
10 ~~comprehensive plan for economic development and its standards and~~  
11 ~~metrics for program evaluation. The commission shall report to the~~  
12 ~~legislature and the governor by June 30, 2009, on the measures~~  
13 ~~developed; and~~

14       ~~(f) Using the performance measures developed, perform a biennial~~  
15 ~~assessment and report, the first of which shall be due December 31,~~  
16 ~~2012, on:~~

17       ~~(i) Commercialization of technologies developed at state~~  
18 ~~universities, found at other research institutions in the state, and~~  
19 ~~facilitated with public assistance at existing companies;~~

20       ~~(ii) Outcomes of the funding of innovation research teams and~~  
21 ~~recruitment of significant entrepreneurial researchers;~~

22       ~~(iii) Comparison with other states of Washington's outcomes from~~  
23 ~~the innovation research teams and efforts to recruit significant~~  
24 ~~entrepreneurial researchers; and~~

25       ~~(iv) Outcomes of the grants for innovation partnership zones. The~~  
26 ~~report shall include recommendations for modifications of chapter 227,~~  
27 ~~Laws of 2007 and of state commercialization efforts that would enhance~~  
28 ~~the state's economic competitiveness)).~~

29       (2) The ((economic development commission)) department and the  
30 workforce training and education coordinating board shall jointly  
31 convene a working group to:

32       (a) Specify the process and criteria for identification of substate  
33 geographic concentrations of firms or employment in an industry and the  
34 industry's customers, suppliers, supporting businesses, and  
35 institutions, which process will include the use of labor market  
36 information from the employment security department and local labor  
37 markets; and



1 (b) Establish criteria for identifying strategic clusters which are  
2 important to economic prosperity in the state, considering cluster  
3 size, growth rate, and wage levels among other factors.

4 **Sec. 117.** RCW 43.330.310 and 2012 c 229 s 590 and 2012 c 198 s 12  
5 are each reenacted and amended to read as follows:

6 (1) The legislature establishes a comprehensive green economy jobs  
7 growth initiative based on the goal of, by 2020, increasing the number  
8 of green economy jobs to twenty-five thousand from the eight thousand  
9 four hundred green economy jobs the state had in 2004.

10 (2) The department, in consultation with the employment security  
11 department, the state workforce training and education coordinating  
12 board, and the state board for community and technical colleges, shall  
13 develop a defined list of terms, consistent with current workforce and  
14 economic development terms, associated with green economy industries  
15 and jobs.

16 (3)(a) The employment security department, in consultation with the  
17 department, the state workforce training and education coordinating  
18 board, the state board for community and technical colleges, Washington  
19 State University small business development center, and the Washington  
20 State University extension energy program, shall conduct labor market  
21 research to analyze the current labor market and projected job growth  
22 in the green economy, the current and projected recruitment and skill  
23 requirement of green economy industry employers, the wage and benefits  
24 ranges of jobs within green economy industries, and the education and  
25 training requirements of entry-level and incumbent workers in those  
26 industries.

27 (i) The employment security department shall conduct an analysis of  
28 occupations in the forest products industry to: (A) Determine key  
29 growth factors and employment projections in the industry; and (B)  
30 define the education and skill standards required for current and  
31 emerging green occupations in the industry.

32 (ii) The term "forest products industry" must be given a broad  
33 interpretation when implementing (a)(i) of this subsection and  
34 includes, but is not limited to, businesses that grow, manage, harvest,  
35 transport, and process forest, wood, and paper products.

36 (b) The University of Washington business and economic development  
37 center shall: Analyze the current opportunities for and participation

1 in the green economy by minority and women-owned business enterprises  
2 in Washington; identify existing barriers to their successful  
3 participation in the green economy; and develop strategies with  
4 specific policy recommendations to improve their successful  
5 participation in the green economy. The research may be informed by  
6 the research of the Puget Sound regional council prosperity  
7 partnership, as well as other entities. The University of Washington  
8 business and economic development center shall report to the  
9 appropriate committees of the house of representatives and the senate  
10 on their research, analysis, and recommendations by December 1, 2008.

11 (4) Based on the findings from subsection (3) of this section, the  
12 employment security department, in consultation with the department and  
13 taking into account the requirements and goals of chapter 14, Laws of  
14 2008 and other state clean energy and energy efficiency policies, shall  
15 propose which industries will be considered high-demand green  
16 industries, based on current and projected job creation and their  
17 strategic importance to the development of the state's green economy.  
18 The employment security department and the department shall take into  
19 account which jobs within green economy industries will be considered  
20 high-wage occupations and occupations that are part of career pathways  
21 to the same, based on family-sustaining wage and benefits ranges.  
22 These designations, and the results of the employment security  
23 department's broader labor market research, shall inform the planning  
24 and strategic direction of the department, the state workforce training  
25 and education coordinating board, and the state board for community and  
26 technical colleges.

27 (5) The department shall identify emerging technologies and  
28 innovations that are likely to contribute to advancements in the green  
29 economy, including the activities in designated innovation partnership  
30 zones established in RCW 43.330.270.

31 (6) The department (~~(, consistent with the priorities established by~~  
32 ~~the state economic development commission,)) shall:~~

33 (a) Develop targeting criteria for existing investments, and make  
34 recommendations for new or expanded financial incentives and  
35 comprehensive strategies, to recruit, retain, and expand green economy  
36 industries and small businesses; and

37 (b) Make recommendations for new or expanded financial incentives

1 and comprehensive strategies to stimulate research and development of  
2 green technology and innovation, including designating innovation  
3 partnership zones linked to the green economy.

4 (7) For the purposes of this section, "target populations" means  
5 (a) entry-level or incumbent workers in high-demand green industries  
6 who are in, or are preparing for, high-wage occupations; (b) dislocated  
7 workers in declining industries who may be retrained for high-wage  
8 occupations in high-demand green industries; (c) dislocated  
9 agriculture, timber, or energy sector workers who may be retrained for  
10 high-wage occupations in high-demand green industries; (d) eligible  
11 veterans or national guard members; (e) disadvantaged populations; or  
12 (f) anyone eligible to participate in the state opportunity grant  
13 program under RCW 28B.50.271.

14 (8) The legislature directs the state workforce training and  
15 education coordinating board to create and pilot green industry skill  
16 panels. These panels shall consist of business representatives from:  
17 Green industry sectors, including but not limited to forest product  
18 companies, companies engaged in energy efficiency and renewable energy  
19 production, companies engaged in pollution prevention, reduction, and  
20 mitigation, and companies engaged in green building work and green  
21 transportation; labor unions representing workers in those industries  
22 or labor affiliates administering state-approved, joint apprenticeship  
23 programs or labor-management partnership programs that train workers  
24 for these industries; state and local veterans agencies; employer  
25 associations; educational institutions; and local workforce development  
26 councils within the region that the panels propose to operate; and  
27 other key stakeholders as determined by the applicant. Any of these  
28 stakeholder organizations are eligible to receive grants under this  
29 section and serve as the intermediary that convenes and leads the  
30 panel. Panel applicants must provide labor market and industry  
31 analysis that demonstrates high demand, or demand of strategic  
32 importance to the development of the state's clean energy economy as  
33 identified in this section, for high-wage occupations, or occupations  
34 that are part of career pathways to the same, within the relevant  
35 industry sector. The panel shall:

36 (a) Conduct labor market and industry analyses, in consultation  
37 with the employment security department, and drawing on the findings of  
38 its research when available;

1 (b) Plan strategies to meet the recruitment and training needs of  
2 the industry and small businesses; and

3 (c) Leverage and align other public and private funding sources.

4 **Sec. 118.** RCW 43.330.375 and 2012 c 229 s 591 are each amended to  
5 read as follows:

6 (1) The department and the workforce board must:

7 (a) Coordinate efforts across the state to ensure that federal  
8 training and education funds are captured and deployed in a focused and  
9 effective manner in order to support green economy projects and  
10 accomplish the goals of the evergreen jobs initiative;

11 (b) Accelerate and coordinate efforts by state and local  
12 organizations to identify, apply for, and secure all sources of funds,  
13 particularly those created by the 2009 American recovery and  
14 reinvestment act, and to ensure that distributions of funding to local  
15 organizations are allocated in a manner that is time-efficient and  
16 user-friendly for the local organizations. Local organizations  
17 eligible to receive support include but are not limited to:

18 (i) Associate development organizations;

19 (ii) Workforce development councils;

20 (iii) Public utility districts; and

21 (iv) Community action agencies;

22 (c) Support green economy projects at both the state and local  
23 level by developing a process and a framework to provide, at a minimum:

24 (i) Administrative and technical assistance;

25 (ii) Assistance with and expediting of permit processes; and

26 (iii) Priority consideration of opportunities leading to exportable  
27 green economy goods and services, including renewable energy  
28 technology;

29 (d) Coordinate local and state implementation of projects using  
30 federal funds to ensure implementation is time-efficient and user-  
31 friendly for local organizations;

32 (e) Emphasize through both support and outreach efforts, projects  
33 that:

34 (i) Have a strong and lasting economic or environmental impact;

35 (ii) Lead to a domestically or internationally exportable good or  
36 service, including renewable energy technology;

1 (iii) Create training programs leading to a credential,  
2 certificate, or degree in a green economy field;

3 (iv) Strengthen the state's competitiveness in a particular sector  
4 or cluster of the green economy;

5 (v) Create employment opportunities for veterans, members of the  
6 national guard, and low-income and disadvantaged populations;

7 (vi) Comply with prevailing wage provisions of chapter 39.12 RCW;

8 (vii) Ensure at least fifteen percent of labor hours are performed  
9 by apprentices;

10 (f) Identify emerging technologies and innovations that are likely  
11 to contribute to advancements in the green economy, including the  
12 activities in designated innovation partnership zones established in  
13 RCW 43.330.270;

14 (g) Identify barriers to the growth of green jobs in traditional  
15 industries such as the forest products industry;

16 (h) Identify statewide performance metrics for projects receiving  
17 agency assistance. Such metrics may include:

18 (i) The number of new green jobs created each year, their wage  
19 levels, and, to the extent determinable, the percentage of new green  
20 jobs filled by veterans, members of the national guard, and low-income  
21 and disadvantaged populations;

22 (ii) The total amount of new federal funding secured, the  
23 respective amounts allocated to the state and local levels, and the  
24 timeliness of deployment of new funding by state agencies to the local  
25 level;

26 (iii) The timeliness of state deployment of funds and support to  
27 local organizations; and

28 (iv) If available, the completion rates, time to completion, and  
29 training-related placement rates for green economy postsecondary  
30 training programs;

31 (i) Identify strategies to allocate existing and new funding  
32 streams for green economy workforce training programs and education to  
33 emphasize those leading to a credential, certificate, or degree in a  
34 green economy field;

35 (j) Identify and implement strategies to allocate existing and new  
36 funding streams for workforce development councils and associate  
37 development organizations to increase their effectiveness and

1 efficiency and increase local capacity to respond rapidly and  
2 comprehensively to opportunities to attract green jobs to local  
3 communities;

4 (k) Develop targeting criteria for existing investments that are  
5 consistent with (~~the economic development commission's economic~~  
6 ~~development strategy and~~) the goals of this section and RCW  
7 28C.18.170, 28B.50.281, and 49.04.200; and

8 (l) Make and support outreach efforts so that residents of  
9 Washington, particularly members of target populations, become aware of  
10 educational and employment opportunities identified and funded through  
11 the evergreen jobs act.

12 (2) The department and the workforce board must provide semiannual  
13 performance reports to the governor and appropriate committees of the  
14 legislature on:

15 (a) Actual statewide performance based on the performance measures  
16 identified in subsection (1)(h) of this section;

17 (b) How the state is emphasizing and supporting projects that lead  
18 to a domestically or internationally exportable good or service,  
19 including renewable energy technology;

20 (c) A list of projects supported, created, or funded in furtherance  
21 of the goals of the evergreen jobs initiative and the actions taken by  
22 state and local organizations, including the effectiveness of state  
23 agency support provided to local organizations as directed in  
24 subsection (1)(b) and (c) of this section;

25 (d) Recommendations for new or expanded financial incentives and  
26 comprehensive strategies to:

27 (i) Recruit, retain, and expand green economy industries and small  
28 businesses; and

29 (ii) Stimulate research and development of green technology and  
30 innovation, which may include designating innovation partnership zones  
31 linked to the green economy;

32 (e) Any information that associate development organizations and  
33 workforce development councils choose to provide to appropriate  
34 legislative committees regarding the effectiveness, timeliness, and  
35 coordination of support provided by state agencies under this section  
36 and RCW 28C.18.170, 28B.50.281, and 49.04.200; and

37 (f) Any recommended statutory changes necessary to increase the

1 effectiveness of the evergreen jobs initiative and state responsiveness  
2 to local agencies and organizations.

3 (3) The definitions, designations, and results of the employment  
4 security department's broader labor market research under RCW  
5 43.330.010 shall inform the planning and strategic direction of the  
6 department, the state workforce training and education coordinating  
7 board, the state board for community and technical colleges, and the  
8 student achievement council.

9 **Sec. 119.** RCW 50.38.050 and 2009 c 151 s 2 are each amended to  
10 read as follows:

11 The department shall have the following duties:

12 (1) Oversight and management of a statewide comprehensive labor  
13 market and occupational supply and demand information system, including  
14 development of a five-year employment forecast for state and labor  
15 market areas;

16 (2) Produce local labor market information packages for the state's  
17 counties, including special studies and job impact analyses in support  
18 of state and local employment, training, education, and job creation  
19 programs, especially activities that prevent job loss, reduce  
20 unemployment, and create jobs;

21 (3) Coordinate with the office of financial management and the  
22 office of the forecast council to improve employment estimates by  
23 enhancing data on corporate officers, improving business establishment  
24 listings, expanding sample for employment estimates, and developing  
25 business entry/exit analysis relevant to the generation of occupational  
26 and economic forecasts;

27 (4) In cooperation with the office of financial management, produce  
28 long-term industry and occupational employment forecasts. These  
29 forecasts shall be consistent with the official economic and revenue  
30 forecast council biennial economic and revenue forecasts; and

31 (5) Analyze labor market and economic data, including the use of  
32 input-output models, for the purpose of identifying industry clusters  
33 and strategic industry clusters that meet the criteria identified by  
34 the working group convened by the (~~economic development commission~~)  
35 department of commerce and the workforce training and education  
36 coordinating board under chapter 43.330 RCW.

1       **Sec. 120.** RCW 82.14.505 and 2010 c 164 s 8 are each amended to  
2 read as follows:

3       (1) Demonstration projects are designated to determine the  
4 feasibility of local revitalization financing. For the purpose of this  
5 section, "annual state contribution limit" means four million two  
6 hundred thousand dollars statewide per fiscal year.

7       (a) Notwithstanding RCW 39.104.100, the department must approve  
8 each demonstration project for 2009 as follows:

9       (i) The Whitman county Pullman/Moscow corridor improvement project  
10 award may not exceed two hundred thousand dollars;

11       (ii) The University Place improvement project award may not exceed  
12 five hundred thousand dollars;

13       (iii) The Tacoma international financial services area/Tacoma dome  
14 project award may not exceed five hundred thousand dollars;

15       (iv) The Bremerton downtown improvement project award may not  
16 exceed three hundred thirty thousand dollars;

17       (v) The Auburn downtown redevelopment project award may not exceed  
18 two hundred fifty thousand dollars;

19       (vi) The Vancouver Columbia waterfront/downtown project award may  
20 not exceed two hundred twenty thousand dollars; and

21       (vii) The Spokane University District project award may not exceed  
22 two hundred fifty thousand dollars.

23       (b) Notwithstanding RCW 39.104.100, the department must approve  
24 each demonstration project for 2010 meeting the requirements in  
25 subsection (2)(c) of this section as follows:

26       (i) The Richland revitalization area for industry, science and  
27 education project award may not exceed three hundred thirty thousand  
28 dollars;

29       (ii) The Lacey gateway town center project award may not exceed  
30 five hundred thousand dollars;

31       (iii) The Mill Creek east gateway planned urban village  
32 revitalization area project award may not exceed three hundred thirty  
33 thousand dollars;

34       (iv) The Puyallup river road revitalization area project award may  
35 not exceed two hundred fifty thousand dollars;

36       (v) The Renton south Lake Washington project award may not exceed  
37 five hundred thousand dollars; and



1 (vi) The New Castle downtown project (~~{award}~~) award may not  
2 exceed forty thousand dollars.

3 (2)(a) Local government sponsors of demonstration projects under  
4 subsection (1)(a) of this section must submit to the department no  
5 later than September 1, 2009, documentation that substantiates that the  
6 project has met the conditions, limitations, and requirements provided  
7 in chapter 270, Laws of 2009.

8 (b) Sponsoring local government of demonstration projects under  
9 subsection (1)(b) of this section must update and resubmit to the  
10 department no later than September 1, 2010, the application already on  
11 file with the department to substantiate that the project has met the  
12 conditions, limitations, and requirements provided in chapter 270, Laws  
13 of 2009 and chapter 164, Laws of 2010 and the project is substantially  
14 the same as the project in the original application submitted to the  
15 department in 2009.

16 (c) The department must not approve any resubmitted application  
17 unless an economic analysis by a qualified researcher at the department  
18 of economics at the University of Washington confirms that there is an  
19 eighty-five percent probability that the application's assumptions and  
20 estimates of jobs created and increased tax receipts will be achieved  
21 by the project and determines that net state tax revenue will increase  
22 as a result of the project by an amount that equals or exceeds the  
23 award authorized in subsection (1)(b) of this section. (~~(Prior to~~  
24 ~~submitting the economic analysis to the department, the qualified~~  
25 ~~researcher must consult with the economic development commission~~  
26 ~~established in chapter 43.162 RCW regarding his or her preliminary~~  
27 ~~findings. The final economic analysis must include comments and~~  
28 ~~recommendations of the economic development commission.))~~

29 (3) Within ninety days of such submittal, the economic analysis in  
30 subsection (2)(c) of this section must be completed and the department  
31 must either approve demonstration projects that have met these  
32 conditions, limitations, and requirements or deny resubmitted  
33 applications that have not met these conditions, limitations, and  
34 requirements.

35 (4) Local government sponsors of demonstration projects may elect  
36 to decline the project awards as designated in this section, and may  
37 elect instead to submit applications according to the process described  
38 in RCW 39.104.100.

1 (5) If a demonstration project listed in subsection (1)(b) of this  
2 section does not update and resubmit its application to the department  
3 by the deadline specified in subsection (2)(b) of this section or if  
4 the demonstration project withdraws its application, the associated  
5 dollar amounts may not be approved for another project and may not be  
6 considered part of the annual state contribution limit under RCW  
7 39.104.020(1).

8 **Sec. 121.** RCW 82.33A.010 and 2007 c 232 s 8 are each amended to  
9 read as follows:

10 (1) The economic climate council is hereby created.

11 (2) The council shall(~~(, in consultation with the Washington~~  
12 ~~economic development commission,~~) select a series of benchmarks that  
13 characterize the competitive environment of the state. The benchmarks  
14 should be indicators of the cost of doing business; the education and  
15 skills of the workforce; a sound infrastructure; and the quality of  
16 life. In selecting the appropriate benchmarks, the council shall use  
17 the following criteria:

18 (a) The availability of comparative information for other states  
19 and countries;

20 (b) The timeliness with which benchmark information can be  
21 obtained; and

22 (c) The accuracy and validity of the benchmarks in measuring the  
23 economic climate indicators named in this section.

24 (3) Each year the council shall prepare an official state economic  
25 climate report on the present status of benchmarks, changes in the  
26 benchmarks since the previous report, and the reasons for the changes.  
27 The reports shall include current benchmark comparisons with other  
28 states and countries, and an analysis of factors related to the  
29 benchmarks that may affect the ability of the state to compete  
30 economically at the national and international level.

31 (4) All agencies of state government shall provide to the council  
32 immediate access to all information relating to economic climate  
33 reports.

34 **Sec. 122.** RCW 43.131.418 and 2013 2nd sp.s. c 24 s 3 are each  
35 amended to read as follows:

1 The following acts or parts of acts, as now existing or hereafter  
2 amended, are each repealed, effective July 1, 2021:

3 (1) RCW 28B.155.010 and 2014 c ... s 102 (section 102 of this act)  
4 & 2012 c 242 s 1; and

5 (2) RCW 28B.155.020 and 2012 c 242 s 2.

6 NEW SECTION. **Sec. 123.** The following acts or parts of acts are  
7 each repealed:

8 (1) RCW 43.162.005 (Findings--Intent) and 2011 c 311 s 1, 2007 c  
9 232 s 1, & 2003 c 235 s 1;

10 (2) RCW 43.162.010 (Washington state economic development  
11 commission--Membership--Policies and procedures) and 2011 c 311 s 2,  
12 2007 c 232 s 2, & 2003 c 235 s 2;

13 (3) RCW 43.162.012 ("Commission" defined) and 2011 c 311 s 3;

14 (4) RCW 43.162.015 (Executive director) and 2011 c 311 s 4 & 2007  
15 c 232 s 3;

16 (5) RCW 43.162.020 (Duties--Biennial comprehensive statewide  
17 economic development strategy--Report--Biennial budget request--  
18 Memorandum of understanding--Performance evaluation--Gifts, grants,  
19 donations) and 2012 c 195 s 3, 2011 c 311 s 5, 2009 c 151 s 9, 2007 c  
20 232 s 4, & 2003 c 235 s 3;

21 (6) RCW 43.162.025 (Additional authority) and 2011 c 311 s 6 & 2007  
22 c 232 s 5;

23 (7) RCW 43.162.030 (Authority of governor and department of  
24 commerce not affected) and 2011 c 311 s 7, 2007 c 232 s 7, & 2003 c 235  
25 s 4;

26 (8) RCW 43.162.040 (Washington state economic development  
27 commission account) and 2011 c 311 s 8; and

28 (9) RCW 82.33A.020 (Consulting with Washington economic development  
29 commission) and 2007 c 232 s 9 & 1996 c 152 s 4.

30 **PART II**

31 **ELIMINATION OF INNOVATE WASHINGTON**

32 **Sec. 201.** RCW 28B.50.902 and 2011 1st sp.s. c 14 s 6 are each  
33 amended to read as follows:

34 (1) The college board, in consultation with business, industry,  
35 labor, the workforce training and education coordinating board, the

1 department of commerce, the employment security department, and  
2 community and technical colleges, shall designate centers of excellence  
3 and allocate funds to existing and new centers of excellence based on  
4 a competitive basis.

5 (2) Eligible applicants for the program established under this  
6 section include community and technical colleges. Priority shall be  
7 given to applicants that have an established education and training  
8 program serving the targeted industry and that have in their home  
9 district or region an industry cluster with the same targeted industry  
10 at its core.

11 (3) It is the role of centers of excellence to employ strategies  
12 to:

13 (a) Create educational efficiencies;

14 (b) Build a diverse, competitive workforce for strategic  
15 industries;

16 (c) Maintain an institutional reputation for innovation and  
17 responsiveness;

18 (d) Develop innovative curriculum and means of delivering education  
19 and training;

20 (e) Act as brokers of information and resources related to  
21 community and technical college education and training and assistance  
22 available for firms in a targeted industry(~~(, including working with  
23 innovate Washington to develop methods to identify businesses within a  
24 targeted industry that could benefit from the services offered by  
25 innovate Washington under chapter 43.333 RCW))~~); and

26 (f) Serve as partners with workforce development councils,  
27 associate development organizations, and other workforce and economic  
28 development organizations.

29 (4) Examples of strategies under subsection (3) of this section  
30 include but are not limited to: Sharing curriculum and other  
31 instructional resources, to ensure cost savings to the system;  
32 delivering collaborative certificate and degree programs; and holding  
33 statewide summits, seminars, conferences, and workshops on industry  
34 trends and best practices in community and technical college education  
35 and training.

36 **Sec. 202.** RCW 42.30.110 and 2011 1st sp.s. c 14 s 14 are each  
37 amended to read as follows:

1 (1) Nothing contained in this chapter may be construed to prevent  
2 a governing body from holding an executive session during a regular or  
3 special meeting:

4 (a) To consider matters affecting national security;

5 (b) To consider the selection of a site or the acquisition of real  
6 estate by lease or purchase when public knowledge regarding such  
7 consideration would cause a likelihood of increased price;

8 (c) To consider the minimum price at which real estate will be  
9 offered for sale or lease when public knowledge regarding such  
10 consideration would cause a likelihood of decreased price. However,  
11 final action selling or leasing public property shall be taken in a  
12 meeting open to the public;

13 (d) To review negotiations on the performance of publicly bid  
14 contracts when public knowledge regarding such consideration would  
15 cause a likelihood of increased costs;

16 (e) To consider, in the case of an export trading company,  
17 financial and commercial information supplied by private persons to the  
18 export trading company;

19 (f) To receive and evaluate complaints or charges brought against  
20 a public officer or employee. However, upon the request of such  
21 officer or employee, a public hearing or a meeting open to the public  
22 shall be conducted upon such complaint or charge;

23 (g) To evaluate the qualifications of an applicant for public  
24 employment or to review the performance of a public employee. However,  
25 subject to RCW 42.30.140(4), discussion by a governing body of  
26 salaries, wages, and other conditions of employment to be generally  
27 applied within the agency shall occur in a meeting open to the public,  
28 and when a governing body elects to take final action hiring, setting  
29 the salary of an individual employee or class of employees, or  
30 discharging or disciplining an employee, that action shall be taken in  
31 a meeting open to the public;

32 (h) To evaluate the qualifications of a candidate for appointment  
33 to elective office. However, any interview of such candidate and final  
34 action appointing a candidate to elective office shall be in a meeting  
35 open to the public;

36 (i) To discuss with legal counsel representing the agency matters  
37 relating to agency enforcement actions, or to discuss with legal  
38 counsel representing the agency litigation or potential litigation to

1 which the agency, the governing body, or a member acting in an official  
2 capacity is, or is likely to become, a party, when public knowledge  
3 regarding the discussion is likely to result in an adverse legal or  
4 financial consequence to the agency.

5 This subsection (1)(i) does not permit a governing body to hold an  
6 executive session solely because an attorney representing the agency is  
7 present. For purposes of this subsection (1)(i), "potential  
8 litigation" means matters protected by RPC 1.6 or RCW 5.60.060(2)(a)  
9 concerning:

10 (i) Litigation that has been specifically threatened to which the  
11 agency, the governing body, or a member acting in an official capacity  
12 is, or is likely to become, a party;

13 (ii) Litigation that the agency reasonably believes may be  
14 commenced by or against the agency, the governing body, or a member  
15 acting in an official capacity; or

16 (iii) Litigation or legal risks of a proposed action or current  
17 practice that the agency has identified when public discussion of the  
18 litigation or legal risks is likely to result in an adverse legal or  
19 financial consequence to the agency;

20 (j) To consider, in the case of the state library commission or its  
21 advisory bodies, western library network prices, products, equipment,  
22 and services, when such discussion would be likely to adversely affect  
23 the network's ability to conduct business in a competitive economic  
24 climate. However, final action on these matters shall be taken in a  
25 meeting open to the public;

26 (k) To consider, in the case of the state investment board,  
27 financial and commercial information when the information relates to  
28 the investment of public trust or retirement funds and when public  
29 knowledge regarding the discussion would result in loss to such funds  
30 or in private loss to the providers of this information;

31 (l) To consider proprietary or confidential nonpublished  
32 information related to the development, acquisition, or implementation  
33 of state purchased health care services as provided in RCW 41.05.026;

34 (m) To consider in the case of the life sciences discovery fund  
35 authority, the substance of grant applications and grant awards when  
36 public knowledge regarding the discussion would reasonably be expected  
37 to result in private loss to the providers of this information;

1 (n) To consider in the case of a health sciences and services  
2 authority, the substance of grant applications and grant awards when  
3 public knowledge regarding the discussion would reasonably be expected  
4 to result in private loss to the providers of this information((÷

5 ~~(o) To consider in the case of innovate Washington, the substance~~  
6 ~~of grant or loan applications and grant or loan awards if public~~  
7 ~~knowledge regarding the discussion would reasonably be expected to~~  
8 ~~result in private loss to the providers of this information)).~~

9 (2) Before convening in executive session, the presiding officer of  
10 a governing body shall publicly announce the purpose for excluding the  
11 public from the meeting place, and the time when the executive session  
12 will be concluded. The executive session may be extended to a stated  
13 later time by announcement of the presiding officer.

14 **Sec. 203.** RCW 42.56.270 and 2013 c 305 s 14 are each amended to  
15 read as follows:

16 The following financial, commercial, and proprietary information is  
17 exempt from disclosure under this chapter:

18 (1) Valuable formulae, designs, drawings, computer source code or  
19 object code, and research data obtained by any agency within five years  
20 of the request for disclosure when disclosure would produce private  
21 gain and public loss;

22 (2) Financial information supplied by or on behalf of a person,  
23 firm, or corporation for the purpose of qualifying to submit a bid or  
24 proposal for (a) a ferry system construction or repair contract as  
25 required by RCW 47.60.680 through 47.60.750 or (b) highway construction  
26 or improvement as required by RCW 47.28.070;

27 (3) Financial and commercial information and records supplied by  
28 private persons pertaining to export services provided under chapters  
29 43.163 and 53.31 RCW, and by persons pertaining to export projects  
30 under RCW 43.23.035;

31 (4) Financial and commercial information and records supplied by  
32 businesses or individuals during application for loans or program  
33 services provided by chapters 43.325, 43.163, 43.160, 43.330, and  
34 43.168 RCW, or during application for economic development loans or  
35 program services provided by any local agency;

36 (5) Financial information, business plans, examination reports, and

1 any information produced or obtained in evaluating or examining a  
2 business and industrial development corporation organized or seeking  
3 certification under chapter 31.24 RCW;

4 (6) Financial and commercial information supplied to the state  
5 investment board by any person when the information relates to the  
6 investment of public trust or retirement funds and when disclosure  
7 would result in loss to such funds or in private loss to the providers  
8 of this information;

9 (7) Financial and valuable trade information under RCW 51.36.120;

10 (8) Financial, commercial, operations, and technical and research  
11 information and data submitted to or obtained by the clean Washington  
12 center in applications for, or delivery of, program services under  
13 chapter 70.95H RCW;

14 (9) Financial and commercial information requested by the public  
15 stadium authority from any person or organization that leases or uses  
16 the stadium and exhibition center as defined in RCW 36.102.010;

17 (10)(a) Financial information, including but not limited to account  
18 numbers and values, and other identification numbers supplied by or on  
19 behalf of a person, firm, corporation, limited liability company,  
20 partnership, or other entity related to an application for a horse  
21 racing license submitted pursuant to RCW 67.16.260(1)(b), liquor  
22 license, gambling license, or lottery retail license;

23 (b) Internal control documents, independent auditors' reports and  
24 financial statements, and supporting documents: (i) Of house-banked  
25 social card game licensees required by the gambling commission pursuant  
26 to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes  
27 with an approved tribal/state compact for class III gaming;

28 (11) Proprietary data, trade secrets, or other information that  
29 relates to: (a) A vendor's unique methods of conducting business; (b)  
30 data unique to the product or services of the vendor; or (c)  
31 determining prices or rates to be charged for services, submitted by  
32 any vendor to the department of social and health services for purposes  
33 of the development, acquisition, or implementation of state purchased  
34 health care as defined in RCW 41.05.011;

35 (12)(a) When supplied to and in the records of the department of  
36 commerce:

37 (i) Financial and proprietary information collected from any person



1 and provided to the department of commerce pursuant to RCW  
2 43.330.050(8); and

3 (ii) Financial or proprietary information collected from any person  
4 and provided to the department of commerce or the office of the  
5 governor in connection with the siting, recruitment, expansion,  
6 retention, or relocation of that person's business and until a siting  
7 decision is made, identifying information of any person supplying  
8 information under this subsection and the locations being considered  
9 for siting, relocation, or expansion of a business;

10 (b) When developed by the department of commerce based on  
11 information as described in (a)(i) of this subsection, any work product  
12 is not exempt from disclosure;

13 (c) For the purposes of this subsection, "siting decision" means  
14 the decision to acquire or not to acquire a site;

15 (d) If there is no written contact for a period of sixty days to  
16 the department of commerce from a person connected with siting,  
17 recruitment, expansion, retention, or relocation of that person's  
18 business, information described in (a)(ii) of this subsection will be  
19 available to the public under this chapter;

20 (13) Financial and proprietary information submitted to or obtained  
21 by the department of ecology or the authority created under chapter  
22 70.95N RCW to implement chapter 70.95N RCW;

23 (14) Financial, commercial, operations, and technical and research  
24 information and data submitted to or obtained by the life sciences  
25 discovery fund authority in applications for, or delivery of, grants  
26 under chapter 43.350 RCW, to the extent that such information, if  
27 revealed, would reasonably be expected to result in private loss to the  
28 providers of this information;

29 (15) Financial and commercial information provided as evidence to  
30 the department of licensing as required by RCW 19.112.110 or  
31 19.112.120, except information disclosed in aggregate form that does  
32 not permit the identification of information related to individual fuel  
33 licensees;

34 (16) Any production records, mineral assessments, and trade secrets  
35 submitted by a permit holder, mine operator, or landowner to the  
36 department of natural resources under RCW 78.44.085;

37 (17)(a) Farm plans developed by conservation districts, unless

1 permission to release the farm plan is granted by the landowner or  
2 operator who requested the plan, or the farm plan is used for the  
3 application or issuance of a permit;

4 (b) Farm plans developed under chapter 90.48 RCW and not under the  
5 federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to  
6 RCW 42.56.610 and 90.64.190;

7 (18) Financial, commercial, operations, and technical and research  
8 information and data submitted to or obtained by a health sciences and  
9 services authority in applications for, or delivery of, grants under  
10 RCW 35.104.010 through 35.104.060, to the extent that such information,  
11 if revealed, would reasonably be expected to result in private loss to  
12 providers of this information;

13 (19) Information gathered under chapter 19.85 RCW or RCW 34.05.328  
14 that can be identified to a particular business;

15 (20) Financial and commercial information submitted to or obtained  
16 by the University of Washington, other than information the university  
17 is required to disclose under RCW 28B.20.150, when the information  
18 relates to investments in private funds, to the extent that such  
19 information, if revealed, would reasonably be expected to result in  
20 loss to the University of Washington consolidated endowment fund or to  
21 result in private loss to the providers of this information; and

22 ~~(21) ((Financial, commercial, operations, and technical and  
23 research information and data submitted to or obtained by innovate  
24 Washington in applications for, or delivery of, grants and loans under  
25 chapter 43.333 RCW, to the extent that such information, if revealed,  
26 would reasonably be expected to result in private loss to the providers  
27 of this information; and~~

28 ~~(22))~~) Market share data submitted by a manufacturer under RCW  
29 70.95N.190(4).

30 **Sec. 204.** 2012 c 63 s 1 (uncodified) is amended to read as  
31 follows:

32 The legislature finds that Washington is becoming a leader in the  
33 development and commercialization of aviation biofuels due to its  
34 strong tradition of market innovation, a concentrated demand for  
35 sustainable aviation fuels, leading expertise and research capacity, an  
36 established aviation manufacturing sector, and the availability of a  
37 diverse range of feedstocks for the production of biofuels. The

1 legislature also finds that the development of aviation biofuels has  
2 the potential to reduce dependence on foreign sources of fossil fuels,  
3 reduce greenhouse gas emissions, and promote economic development and  
4 jobs in Washington. The legislature intends to support the development  
5 of commercial-scale aviation biofuels production facilities in  
6 Washington by facilitating and streamlining the permitting process for  
7 new facilities and the expansion of existing facilities and by  
8 providing access to low-cost financing through the issuance of revenue  
9 bonds.

10 The legislature finds that the 2012 Washington state energy  
11 strategy calls for a targeted, strategic policy focus on sustainable  
12 aviation biofuels to encourage the realization of Washington's  
13 potential. The legislature also finds that a regional stakeholder  
14 effort to explore the opportunities and challenges surrounding the  
15 production of sustainable aviation fuels, known as sustainable aviation  
16 biofuels northwest, urged policymakers in the Northwest to develop  
17 supportive public policies that will jump start the industry, attract  
18 investment, and accelerate industry growth. In order to provide focus  
19 and develop policy recommendations to support the sustainable aviation  
20 biofuels sector in Washington, the legislature intends to establish a  
21 sustainable aviation biofuels work group. ((Additionally, the  
22 legislature intends Innovate Washington, designated in 2011 as the lead  
23 agency for coordinating clean energy related initiatives targeted at  
24 growing the clean energy sector, to convene the appropriate  
25 stakeholders and facilitate the opportunity for the state to realize  
26 the full economic growth impact to the state's economy.))

27 NEW SECTION. **Sec. 205.** A new section is added to chapter 43.333  
28 RCW to read as follows:

29 (1) The innovate Washington program is created in the department to  
30 support business growth in the state's innovation and technology  
31 sectors and facilitate statewide technology transfer and  
32 commercialization activities, for the purpose of increasing the state's  
33 economic vitality.

34 (2) The innovate Washington program shall:

35 (a) Support businesses in securing federal and private funds to  
36 support product research and commercialization, developing and

1 integrating technology in new or enhanced products and services, and  
2 launching those products and services in sustainable businesses in the  
3 state;

4 (b) Establish public-private partnerships and programmatic  
5 activities that increase the competitiveness of state industries;

6 (c) Work with utilities, district energy providers, the utilities  
7 and transportation commission, and the state energy office to improve  
8 the alignment of investments in clean energy technologies with existing  
9 state policies;

10 (d) Administer technology and innovation grant and loan programs  
11 including bridge funding programs for the state's technology sector;

12 (e) Work with impact Washington to ensure that customers have ready  
13 access to each other's services;

14 (f) Develop and strengthen academic-industry relationships through  
15 research and assistance that is primarily of interest to existing small  
16 and medium-sized Washington-based companies; and

17 (g) Reach out to firms operating in the state's innovation  
18 partnership zones.

19 (3) The innovate Washington program must be operated and the  
20 services for the program must be delivered through a contract with a  
21 501(c)(3) nonprofit organization with a principal office located in  
22 Washington with experience facilitating interaction between the state's  
23 higher education institutions and the state's technology-based  
24 companies on commercialization and technology transfer activities. The  
25 department must provide oversight for the program.

26 (4) The department must establish performance metrics for the  
27 innovate Washington program. The department must report the outcomes  
28 of the program against those metrics to the governor and the economic  
29 development committees of the legislature on December 1, 2014.

30 NEW SECTION. **Sec. 206.** A new section is added to chapter 43.333  
31 RCW to read as follows:

32 The definitions in this section apply throughout this chapter  
33 unless the context clearly requires otherwise.

34 (1) "Department" means the department of commerce.

35 (2) "Innovate Washington program" or "program" means the program  
36 created in section 205 of this act.

1       **Sec. 207.** RCW 43.333.030 and 2011 1st sp.s. c 14 s 4 are each  
2 amended to read as follows:

3       (1) The investing in innovation account is created in the custody  
4 of the state treasurer to receive state and federal funds, grants,  
5 private gifts, or contributions to further the purpose of ((innovate  
6 Washington)) growing the technology and innovation-based sectors of the  
7 state and supporting the commercialization of intellectual property and  
8 the manufacturing of innovative products in the state.

9       (2) Expenditures from the account may be used only for the purposes  
10 of the investing in innovation programs established in chapter 70.210  
11 RCW and any other purpose consistent with the innovate Washington  
12 program established in this chapter.

13       (3) Only the ((executive)) director of ((innovate Washington))  
14 commerce or the ((executive)) director's designee may authorize  
15 expenditures from the account. Funds may only be used for the  
16 contractor to provide services consistent with the purposes described  
17 in subsection (2) of this section. The account is subject to allotment  
18 procedures under chapter 43.88 RCW, but an appropriation is not  
19 required for expenditures.

20       **Sec. 208.** RCW 43.333.040 and 2011 1st sp.s. c 14 s 3 are each  
21 amended to read as follows:

22       (1) To increase participation by Washington state small business  
23 innovators in federal small business research programs, the innovate  
24 Washington program shall provide ~~((or contract for the provision of))~~  
25 a small business innovation assistance program. The assistance program  
26 must include a proposal review process and must train and assist  
27 Washington small business innovators to win awards from federal small  
28 business research programs. The assistance program must collaborate  
29 with small business development centers ~~((, entrepreneur-in-residence~~  
30 ~~programs,))~~ and other appropriate sources of technical assistance to  
31 ensure that small business innovators also receive the planning,  
32 counseling, and support services necessary to expand their businesses  
33 and protect their intellectual property.

34       (2) ~~((In operating the program,))~~ The innovate Washington program  
35 must give priority to first-time applicants to the federal small  
36 business research programs, new businesses, and firms with fewer than  
37 ten employees, and may charge a fee for its services.

1 (3) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Federal small business research programs" means the programs,  
4 operating pursuant to the small business innovation development act of  
5 1982, P.L. 97-219, and the small business technology transfer act of  
6 1992, P.L. 102-564, title II, that provide funds to small businesses to  
7 conduct research having commercial application.

8 (b) "Small business" means a corporation, partnership, sole  
9 proprietorship, or individual, operating a business for profit, with  
10 two hundred fifty employees or fewer, including employees employed in  
11 a subsidiary or affiliated corporation, that otherwise meets the  
12 requirements of federal small business research programs.

13 **Sec. 209.** RCW 43.333.050 and 2011 1st sp.s. c 14 s 13 are each  
14 amended to read as follows:

15 (1) The innovate Washington program shall administer the investing  
16 in innovation program.

17 (2) Not more than one percent of the available funds from the  
18 investing in innovation account may be used for administrative costs of  
19 the program.

20 **Sec. 210.** RCW 43.333.800 and 2012 c 63 s 4 are each amended to  
21 read as follows:

22 (1) The innovate Washington program shall convene a sustainable  
23 aviation biofuels work group.

24 (2) The purpose of the work group is to:

25 (a) Further the development of sustainable aviation fuel as a  
26 productive industry in Washington, using as a foundation the regional  
27 assessment prepared by the collaborative known as the sustainable  
28 aviation fuels northwest;

29 (b) Facilitate communication and coordination among aviation  
30 biofuels stakeholders;

31 (c) Provide a forum for discussion and problem-solving regarding  
32 potential and current barriers related to technology development,  
33 production, distribution, supply chain development, and  
34 commercialization of aviation biofuels; and

35 (d) Provide recommendations to the legislature on potential

1 legislation that will facilitate the technology development,  
2 production, distribution, and commercialization of aviation biofuels.

3 (3) The innovate Washington program, in consultation with the  
4 legislative members, shall designate work group members that represent  
5 sectors involved in sustainable aviation biofuels research,  
6 development, production, and utilization. The work group shall include  
7 but not be limited to representatives from the following:

8 (a) The Washington state senate;

9 (b) The Washington state house of representatives;

10 (c) An agriculture advocacy organization;

11 (d) An airline operator;

12 (e) An airplane manufacturer;

13 (f) An airport operator located in western Washington and an  
14 airport operator located in eastern Washington;

15 (g) Biofuels feedstock producers;

16 (h) Two biofuels producers;

17 (i) The department of agriculture;

18 (j) ~~((The department of commerce;~~

19 ~~(k)))~~ The department of natural resources;

20 ~~((l)))~~ (k) A sustainable energy advocacy organization;

21 ~~((m)))~~ (l) The United States department of defense;

22 ~~((n)))~~ (m) The University of Washington;

23 ~~((o)))~~ (n) Washington State University; and

24 ~~((p)))~~ (o) The Pacific Northwest national laboratory~~((; and~~  
25 ~~(q) A member of the board of directors of Innovate Washington))~~.

26 (4) The work group shall choose its chair from among its  
27 membership.

28 (5) The work group may not meet more than twice a year.

29 (6) The work group shall provide an annual update of its findings  
30 and recommendations to the governor and the appropriate committees of  
31 the legislature by December 1st of each year through 2014.

32 (7) This section expires June 30, 2015.

33 **Sec. 211.** RCW 70.210.020 and 2011 1st sp.s. c 14 s 8 are each  
34 amended to read as follows:

35 The definitions in this section apply throughout this chapter  
36 unless the context clearly requires otherwise.

37 ~~((1) "Board" means the innovate Washington board of directors.~~

1       ~~(3) [(2)] "Innovate Washington" means the agency created in RCW~~  
2 ~~43.333.010.)~~

3       (1) "Department" means the department of commerce.

4       (2) "Innovate Washington program" means the program established at  
5 the department of commerce under chapter 43.333 RCW.

6       **Sec. 212.** RCW 70.210.030 and 2011 1st sp.s. c 14 s 9 are each  
7 amended to read as follows:

8       (1) The investing in innovation program is established.

9       (2) The innovate Washington program shall periodically make  
10 strategic assessments of the types of investments in research,  
11 technology, and industrial development in this state that would likely  
12 create new products, jobs, and business opportunities and produce the  
13 most beneficial long-term improvements to the lives and health of the  
14 citizens of the state. The assessments shall be available to the  
15 public and shall be used to guide decisions on awarding funds under  
16 this chapter.

17       **Sec. 213.** RCW 70.210.040 and 2011 1st sp.s. c 14 s 10 are each  
18 amended to read as follows:

19       The ((board)) innovate Washington program shall:

20       (1) Develop criteria for the awarding of loans or grants to  
21 qualifying universities, institutions, businesses, or individuals;

22       (2) Make decisions regarding distribution of funds;

23       (3) In making funding decisions and to the extent that economic  
24 impact is not diminished, provide priority to enterprises that:

25       (a) Were created through, and have existing intellectual property  
26 agreements in place with, public and private research institutions in  
27 the state; and

28       (b) Intend to produce new products or services, develop or expand  
29 facilities, or manufacture in the state; and

30       (4) Specify in contracts awarding funds that recipients must  
31 utilize funding received to support operations in the state of  
32 Washington and must subsequently report on the impact of their  
33 research, development, and any subsequent production activities within  
34 Washington for a period of ten years following the award of funds, and  
35 that a failure to comply with this requirement will obligate the



1 recipient to return the amount of the award plus interest as determined  
2 by the ((board)) department.

3 **Sec. 214.** RCW 70.210.050 and 2011 1st sp.s. c 14 s 11 are each  
4 amended to read as follows:

5 (1) The ((board)) innovate Washington program may accept grant and  
6 loan proposals and establish a competitive process for the awarding of  
7 grants and loans.

8 (2) The ((board)) innovate Washington program shall establish a  
9 peer review committee to include ((board-members,)) scientists,  
10 engineers, and individuals with specific recognized expertise. The  
11 peer review committee shall provide to the ((board)) innovate  
12 Washington program an independent peer review of all proposals  
13 determined to be competitive for a loan or grant award that are  
14 submitted to the ((board)) innovate Washington program.

15 (3) In the awarding of grants and loans, priority shall be given to  
16 proposals that leverage additional private and public funding  
17 resources.

18 ~~((4) Innovate Washington may not be a direct recipient of funding  
19 under this chapter.))~~

20 **Sec. 215.** RCW 70.210.060 and 2011 1st sp.s. c 14 s 12 are each  
21 amended to read as follows:

22 The ((board)) department shall establish performance benchmarks  
23 against which the program will be evaluated. The program shall be  
24 reviewed periodically by the ((board)) department. The ((board))  
25 department shall report annually to the appropriate standing committees  
26 of the legislature on loans made and grants awarded and as appropriate  
27 on program reviews conducted by the ((board)) department.

28 NEW SECTION. **Sec. 216.** The following acts or parts of acts are  
29 each repealed:

30 (1) RCW 41.06.0711 (Innovate Washington--Certain personnel exempted  
31 from chapter) and 2011 1st sp.s. c 14 s 5;

32 (2) RCW 43.333.010 (Innovate Washington--Created--Mission--Transfer  
33 of administrative responsibilities for facilities located at the  
34 Washington technology center and Spokane intercollegiate research and

1 technology institute--Five-year business plan requirements) and 2011  
2 1st sp.s. c 14 s 1; and  
3 (3) RCW 43.333.020 (Board of directors--Composition--Meetings--  
4 Duties) and 2011 1st sp.s. c 14 s 2.

5 NEW SECTION. **Sec. 217.** A new section is added to chapter 43.333  
6 RCW to read as follows:

7 (1) Innovate Washington is hereby abolished and its mission,  
8 powers, duties, and functions are hereby transferred to the department  
9 of commerce.

10 (2)(a) All property of Innovate Washington, including real  
11 property, shall be assigned and transferred to the department of  
12 commerce. All reports, documents, surveys, books, records, files,  
13 papers, and written material, regardless of physical form or  
14 characteristics, in the possession of Innovate Washington shall be  
15 delivered to the department of commerce. All cabinets, furniture,  
16 office equipment, motor vehicles, and other tangible property employed  
17 by Innovate Washington shall be made available to the department of  
18 commerce. Except as provided in (b) of this subsection, all funds,  
19 credits, and other assets, tangible or intangible, held by Innovate  
20 Washington shall be assigned and transferred to the department of  
21 commerce.

22 (b) The department of commerce shall honor any donor-imposed  
23 condition on the transfer of assets to Innovate Washington, consistent  
24 with chapter 14, Laws of 2011 1st sp. sess., returning any unused funds  
25 or other assets to the grantor or the grantor's successor in interest,  
26 if return of such funds or other assets is required in the grant or  
27 other instrument by which the asset was conveyed to Innovate  
28 Washington. Any donated assets, the use of which is limited by a  
29 donor-imposed restriction, shall be used only for the purposes  
30 specified in the granting instrument, and where the instrument  
31 restricts the use of such funds or other assets for the purposes of  
32 Innovate Washington, they shall be used by the department of commerce  
33 only for the purpose of growing the innovation-based economic sectors  
34 of the state and responding to the technology transfer needs of  
35 existing businesses in the state.

36 (c) If any question arises as to the transfer of any asset used or  
37 held in the exercise of the powers and the performance of the duties

1 and functions transferred, the director of financial management shall  
2 make a determination as to the proper allocation and certify the same  
3 to the state agencies concerned.

4 (3) If apportionments of budgeted funds are required because of the  
5 transfers directed by this section, the director of financial  
6 management shall certify the apportionments to the agencies affected,  
7 the state auditor, and the state treasurer. Each of these shall make  
8 the appropriate transfer and adjustments in funds and appropriation  
9 accounts and equipment records in accordance with the certification.

10 NEW SECTION. **Sec. 218.** A new section is added to chapter 43.333  
11 RCW to read as follows:

12 This chapter expires June 30, 2015.

13 NEW SECTION. **Sec. 219.** A new section is added to chapter 70.210  
14 RCW to read as follows:

15 This chapter expires June 30, 2015.

16 **PART III**  
17 **ELIMINATION OF THE WASHINGTON GLOBAL HEALTH TECHNOLOGIES**  
18 **AND PRODUCT DEVELOPMENT COMPETITIVENESS PROGRAM'S BOARD OF DIRECTORS**

19 **Sec. 301.** RCW 43.374.010 and 2010 1st sp.s. c 13 s 2 are each  
20 amended to read as follows:

21 (1) The Washington global health technologies and product  
22 development competitiveness program is created.

23 (2)(a) The program must be administered by a nonprofit organization  
24 (~~((exempt from income taxation under 26 U.S.C. Sec. 501(c)(6) of the~~  
25 ~~federal internal revenue code))~~) whose board of directors is appointed  
26 by the governor. The governor must make the appointments after  
27 consultation with a statewide alliance of global health research,  
28 nonprofit, and private entities. (~~(The board consists of the following~~  
29 ~~members:~~

30 ~~(i) Three members representing private companies engaged in the~~  
31 ~~provision of global health products or services;~~

32 ~~(ii) Three members representing nonprofit organizations supporting~~  
33 ~~global health research or providing global health products or services;~~

1       ~~(iii) Three members representing public research institutions~~  
2 ~~engaged in global health research and education; and~~

3       ~~(iv) One member who is a former elected official.)~~

4       (b) The governor must appoint the chair of the board from among the  
5 members. The governor must appoint the members to staggered terms and  
6 each appointment may not last more than three years, but an appointee  
7 may serve more than one term.

8       (3) The ~~((board))~~ life sciences discovery fund authority must  
9 contract with the ~~((department of commerce for management services to~~  
10 ~~assist the board in implementing))~~ board to implement and manage the  
11 program.

12       (4) The life sciences discovery fund authority and the board  
13 ~~((must))~~ are empowered to solicit and receive gifts, grants, bequests,  
14 royalty payments, licensing income, and other funds from businesses,  
15 foundations, and the federal government to promote the development and  
16 delivery of global health technologies and products. All federal funds  
17 received must be deposited in the Washington global health technologies  
18 and product development account created in RCW 43.374.020. All  
19 remaining nonstate funds received must be deposited in an account that  
20 the board creates and administers to carry out the purposes of this  
21 section. Expenditures from the account created by the board may be  
22 used only for funding activities of the program created in this  
23 section. Of the total amounts deposited into these accounts, no more  
24 than ~~((three))~~ four percent of the total funds may be used for the  
25 ~~((department of commerce's management services and))~~ life sciences  
26 discovery fund authority's administrative expenses related to the  
27 program created in this section.

28       (5) The board must establish eligibility criteria for global health  
29 technologies and product development grants and adopt policies and  
30 procedures to facilitate the orderly process of grant application,  
31 review, and reward.

32       (6) In making grants to entities pursuant to contract for the  
33 development, production, promotion, and delivery of global health  
34 technologies and products, the board must consider the following:

35       (a) The quality of the proposed research or the proposed technical  
36 assistance in product development or production process design. Any  
37 grant funds awarded for research activities must be awarded for

1 nonbasic research which will assist in commercialization or manufacture  
2 of global health technologies;

3 (b) The potential for the grant recipient to improve global health  
4 outcomes;

5 (c) The potential for the grant to leverage additional funding for  
6 the development of global health technologies and products;

7 (d) The potential for the grant to stimulate, or promote technical  
8 skills training for, employment in the development of global health  
9 technologies in the state;

10 (e) The willingness of the grant recipient, when appropriate, to  
11 enter into royalty or licensing income agreements with the board; and

12 (f) Any other factors, as the board determines.

13 (7) Grant contracts must specify that award recipients must conduct  
14 their research, development, and any subsequent production activities  
15 within Washington, with the exception of activities such as clinical  
16 trials that must be carried out in developing countries, and that a  
17 failure to comply with this requirement will obligate the recipient to  
18 return the amount of the award plus interest as determined by the  
19 board.

20 (8) ~~((Upon the recommendation of the Washington economic  
21 development commission, the board may provide funding for the  
22 recruitment and employment by public research institutions and global  
23 health nonprofit organizations in the state, of global health  
24 researchers with a history of commercialization of global health  
25 technologies.~~

26 (+)) Each project receiving a grant under this section must report  
27 information to the board in the format and at the intervals as the  
28 board requires to provide accountability and to evaluate the  
29 effectiveness of the program. The information reported must include  
30 the amount of funding received; the funding, if any, leveraged by the  
31 grant; the number and types of jobs created as a result of the grant;  
32 and any other information that the board requires. The board must use  
33 the information to prepare an annual evaluation of the program for a  
34 report to the appropriate committees of the legislature and the  
35 governor, beginning December 1, 2012.

36

**PART IV**

1 **ELIMINATION OF THE WASHINGTON TOURISM COMMISSION**

2 NEW SECTION. **Sec. 401.** The following acts or parts of acts are  
3 each repealed:

4 (1) RCW 43.336.010 (Definitions) and 2009 c 565 s 42 & 2007 c 228  
5 s 101;

6 (2) RCW 43.336.020 (Commission created--Composition--Terms--  
7 Executive director--Rule-making authority) and 2011 1st sp.s. c 50 s  
8 957, 2009 c 549 s 5178, & 2007 c 228 s 102;

9 (3) RCW 43.336.030 (Tourism industry expansion--Coordinated  
10 program--Strategic plan--Tourism marketing plan) and 2007 c 228 s 103;

11 (4) RCW 43.336.040 (Tourism competitive grant program) and 2007 c  
12 228 s 104;

13 (5) RCW 43.336.050 (Tourism enterprise account) and 2011 c 5 s 914  
14 & 2007 c 228 s 105;

15 (6) RCW 43.336.060 (Tourism development program--Report to the  
16 legislature) and 2009 c 518 s 13, 2007 c 228 s 107, & 1998 c 299 s 5;  
17 and

18 (7) RCW 43.336.900 (Part headings not law--2007 c 228) and 2007 c  
19 228 s 204.

20 **PART V**

21 **ELIMINATION OF THE MICROENTERPRISE DEVELOPMENT PROGRAM**

22 **Sec. 501.** RCW 43.330.010 and 2011 c 286 s 4 are each amended to  
23 read as follows:

24 Unless the context clearly requires otherwise, the definitions in  
25 this section apply throughout this chapter.

26 (1) "Associate development organization" means a local economic  
27 development nonprofit corporation that is broadly representative of  
28 community interests.

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

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

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

34 (5) (~~"Microenterprise development organization" means a community~~  
35 ~~development corporation, a nonprofit development organization, a~~

1 ~~nonprofit social services organization or other locally operated~~  
2 ~~nonprofit entity that provides services to low income entrepreneurs.~~

3 ~~(6)) "Small business" has the same meaning as provided in RCW~~  
4 ~~((39.29.006)) 39.26.010.~~

5 ~~((7) "Statewide microenterprise association" means a nonprofit~~  
6 ~~entity with microenterprise development organizations as members that~~  
7 ~~serves as an intermediary between the department of commerce and local~~  
8 ~~microenterprise development organizations.))~~

9 NEW SECTION. **Sec. 502.** RCW 43.330.290 (Microenterprise  
10 development program) and 2009 c 565 s 15 & 2007 c 322 s 3 are each  
11 repealed.

12 **PART VI**  
13 **MISCELLANEOUS PROVISIONS**

14 NEW SECTION. **Sec. 601.** Section 106 of this act expires on the  
15 date the requirements set out in section 7, chapter 36, Laws of 2012  
16 are met.

17 NEW SECTION. **Sec. 602.** Section 107 of this act takes effect on  
18 the date the requirements set out in section 7, chapter 36, Laws of  
19 2012 are met.

--- END ---