S-3036.1

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**SENATE BILL 6100**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senators Chase, Brown, Angel, Hatfield, Ericksen, and McCoy

AN ACT Relating to establishing an economic gardening pilot program; adding a new section to chapter 43.31 RCW; creating a new section; and providing an expiration date.

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

NEW SECTION. **Sec.**  (1) The legislature finds that:

(a) Washington's unemployment rate during the recent recession created economic and social hardships for the people of the state;

(b) Local start-up companies and small businesses are likely, as they grow, to remain in their communities of origin, thereby creating local jobs and an economic multiplier effect with their payrolls and taxes while providing local economic stimuli, which increases the local tax base;

(c) Statewide economic prosperity and job creation are advanced significantly by creating, promoting, and retaining local start-up companies and small businesses with high growth potential;

(d) Entrepreneurs and small business owners of second-stage companies, which are those companies that are beyond the start-up stage but have not yet fully matured, with innovative products or services that satisfy market needs, have particular potential for expansion and job creation;

(e) Such entrepreneurs and owners can benefit from specialized business assistance to refine core strategies and from access to in-depth market research, competitor analyses, geographic information systems, search engine optimization, and other strategic information, as well as from relationships with mentors and advisers;

(f) The aspects of economic gardening that incorporate these principles have proven successful in improving the entrepreneurial process and promoting economically sustainable local businesses; and

(g) It is important to the overall health and growth of the state's economy to promote favorable conditions for those expanding Washington businesses that demonstrate the ability to grow.

(2) In recognition of the foregoing findings and principles, it is the intent of the legislature to create a Washington economic gardening pilot project in the department of commerce.

NEW SECTION. **Sec.**  A new section is added to chapter 43.31 RCW to read as follows:

(1) There is hereby created within the department the economic gardening pilot project. The purpose of the pilot project is to stimulate Washington's economy and create good-paying, sustainable jobs by providing economic gardening strategic assistance services to second-stage companies in accordance with this section.

(2) The state director must oversee and direct all resources for the execution of the pilot project, including developing the processes for qualifying and selecting second-stage companies, identifying training components for office and small business development center staff members, engaging trained and certified economic gardening private contractors as necessary, and providing economic gardening strategic assistance to companies participating in the pilot project.

(3)(a) On or before January 1, 2016, the state director must initiate a program to provide or obtain all necessary credentials for high-impact strategic assistance to staff members of the office and small business development centers.

(b) Prior to the date that strategic assistance is provided pursuant to this subsection (3):

(i) At least eight staff members of small business development centers in the state must be certified in economic gardening by a nationally recognized certifying entity identified by the state director; and

(ii) The state director must, as necessary, contract with trained and certified economic gardening private contractors.

(c) After the small business development center staff members are certified under (b) of this subsection, the state director must use the existing infrastructure of small business development centers to promote the pilot project to second-stage companies and to those small business development center clients and referrals that, in the state director's opinion, show growth potential in jobs, sales, or export potential.

(4)(a) On or before January 1, 2016, the state director must publish criteria for a second-stage company to be selected to participate in the pilot project. The criteria must include job growth potential, sustainability, export potential, and a workforce comprised of at least fifty percent Washington residents. Application criteria must also include requirements for data collection, as specified by the state director, to show the impacts of services provided through the pilot project. The state director must identify second-stage companies eligible to participate by utilizing the office's existing strategic infrastructure and by consulting with local and regional economic development partners, such as local service corps of retired executives, small business counseling offices, chambers of commerce, regional building alliances, economic development organizations, and other local or regional economic development entities. The eligible companies and clients must include second-stage companies in small business development centers' client lists, key industry networks, regional development planning groups, and Washington companies to watch applicants.

(b) In order to participate in the pilot project, a company selected for participation must pay a one-time fee of seven hundred fifty dollars, which moneys must be deposited into the economic gardening pilot project fund, created in subsection (5) of this section, for reinvestment in the pilot project.

(c) On or before March 1, 2016, the state director must select a minimum of twenty companies to participate in the pilot project.

(d) The state director must oversee the office and small business development center staff members certified pursuant to (b) of this subsection or certified private contractors to deploy strategic assistance to all pilot project participants. The state director must acquire any tools that he or she deems necessary to provide the strategic assistance, including database licenses, permits, and economic gardening certification.

(e) Participating company has twelve months from the date that the state director selects the company to participate in the pilot project to use the strategic assistance and other economic gardening services offered pursuant to the pilot project.

(5) There is hereby created in the state treasury the economic gardening pilot project fund, to be administered by the state director. The fund consists of all fees received under subsection (4)(b) of this section and any moneys appropriated by the legislature for the purposes of this section. The legislature must make annual appropriations of the moneys in the fund to the office for administering the pilot project. Any moneys in the fund not appropriated must remain in the fund and may not be transferred or revert to the general fund at the end of any fiscal year.

(6) On or before November 1, 2016, and on or before November 1st each year thereafter through November 1, 2018, and in compliance with RCW 43.01.036 the director must submit a report to the economic and workforce development committees of the legislature. The report must include, at a minimum:

(a) The services offered through the pilot project's strategic assistance;

(b) The office's expenditures on strategic assistance provided to pilot program participants;

(c) The number and types of jobs created as a result of the pilot project;

(d) The increased sales as a result of the pilot project; and

(e) The value of goods or services sold outside the company's local area or state.

(7) The following definitions apply throughout this section unless the context clearly requires otherwise.

(a) "Department" means the department of commerce.

(b) "Economic gardening" means an approach to economic growth and development that emphasizes nurturing and cultivating local small businesses by providing strategic assistance to second-stage companies.

(c) "Key industry" means an industry critical to the Washington economy, as identified by the department.

(d) "Pilot project" means the economic gardening pilot project created in this section.

(e) "Second-stage company" means a privately held business that:

(i) Employs full-time at least six persons but not more than ninety-nine persons;

(ii) Has maintained its principal place of business and a majority of its employees in Washington for at least the previous two years;

(iii) Claims at least five hundred thousand dollars but not more than fifty million dollars as annual gross revenue or working capital; and

(iv) Has a product or service that is, or has the potential to be, sold outside the company's local area or state.

(f) "State director" means the state director of small business development centers, or any successor division, in the office.

(g) "Strategic assistance" or "economic gardening strategic assistance" means performing high-level consulting or database research and analysis or the deployment of office and small business development center staff members certified under subsection (4) of this section to perform market research, develop core strategies, conduct business modeling, identify qualified sales leads, provide growth financing referrals, perform search engine optimization, utilize geographic information systems, advise on new media marketing, or assist with network analyses and innovation strategies.

(8) The pilot program created in this section terminates on July 1, 2019.

(9) This section expires July 1, 2019.

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