

ESB 6100 - H COMM AMD

By Committee on Technology & Economic Development

NOT ADOPTED 03/03/2016

1 Strike everything after the enacting clause and insert the  
2 following:

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

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

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

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

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

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

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

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

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

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.31  
5 RCW to read as follows:

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

11 (2) The department must oversee and direct all resources for the  
12 execution of the pilot project. The department must work with  
13 chambers of commerce, associate development organizations, and other  
14 economic development organizations to implement the pilot project.  
15 The pilot project includes developing the processes for qualifying  
16 and selecting second-stage companies, identifying training components  
17 for economic development organizations implementing the pilot  
18 project, engaging private contractors as necessary to obtain  
19 strategic assistance from nationally recognized industry experts, and  
20 providing economic gardening strategic assistance to companies  
21 participating in the pilot project.

22 (3)(a) On or before January 1, 2017, the department must initiate  
23 a program to provide or obtain all necessary credentials for high-  
24 impact strategic assistance for the economic development  
25 organizations participating in the pilot project.

26 (b) Economic development organizations participating in the pilot  
27 project must be certified in economic gardening by an entity with  
28 relevant expertise in providing strategic assistance to second-stage  
29 companies.

30 (i) Prior to December 1, 2016, the department must issue a  
31 request for expression of interest in offering an economic gardening  
32 strategic assistance program. The department must compile a list of  
33 interested parties identified through the request for expression of  
34 interest process.

35 (ii) By December 1, 2016, the department must provide the list to  
36 the legislature. The department must select from the list of  
37 interested parties the entity it deems best able to deliver the  
38 training and strategic assistance services to second-stage companies

1 described in this section and achieve the deliverables identified in  
2 subsection (6) of this section.

3 (c) The department or economic development organizations  
4 participating in the pilot project may, as necessary, contract with  
5 national specialists in the industries of the second-stage companies  
6 selected for the pilot program.

7 (d) The department must use the existing infrastructure of  
8 economic development organizations in the state to promote the pilot  
9 project to second-stage companies and to those clients and referrals  
10 that show growth potential in jobs, sales, or export potential.

11 (4)(a) On or before January 1, 2017, the department and  
12 participating economic development organizations must publish  
13 criteria for a second-stage company to be selected to participate in  
14 the pilot project. The criteria must include job growth potential,  
15 sustainability, export potential, and a workforce comprised of at  
16 least fifty percent Washington residents. Application criteria must  
17 also include requirements for data collection, as specified by the  
18 department, to show the impacts of services provided through the  
19 pilot project. The department and participating economic development  
20 organizations must utilize existing strategic infrastructure and  
21 consult with local and regional economic development partners, such  
22 as chambers of commerce, associate development organizations, and  
23 other local or regional economic development entities, to identify  
24 eligible second-stage companies.

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

30 (c) On or before March 1, 2017, the department and participating  
31 economic development organizations must select a minimum of twenty  
32 companies to participate in the pilot project.

33 (d) The department must oversee staff members certified pursuant  
34 to subsection (3)(b) of this section and private contractors selected  
35 pursuant to subsection (3)(c) of this section to deploy strategic  
36 assistance to all pilot project participants. The department and  
37 participating economic development organizations must acquire any  
38 tools necessary to provide the strategic assistance, including  
39 database licenses, permits, and economic gardening certification.

1 (e) A participating company has twelve months from the date that  
2 the department and participating economic development organizations  
3 select the company to participate in the pilot project to use the  
4 strategic assistance and other economic gardening services offered  
5 pursuant to the pilot project.

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

15 (6) On or before November 1, 2017, and on or before November 1st  
16 each year thereafter through November 1, 2019, and in compliance with  
17 RCW 43.01.036 the department must submit a report to the economic  
18 development and workforce development committees of the legislature.  
19 The report must include, at a minimum:

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

22 (b) The department's expenditures on strategic assistance  
23 provided to pilot project participants;

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

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

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

29 (7) The definitions in this subsection apply throughout this  
30 section unless the context clearly requires otherwise.

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

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

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

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

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

- 1 (i) Employs full-time at least six persons but not more than  
2 ninety-nine persons;
- 3 (ii) Has maintained its principal place of business and a  
4 majority of its employees in Washington for at least the previous two  
5 years;
- 6 (iii) Claims at least five hundred thousand dollars but not more  
7 than fifty million dollars as annual gross revenue or working  
8 capital; and
- 9 (iv) Has a product or service that is, or has the potential to  
10 be, sold outside the company's local area or state.
- 11 (f) "Strategic assistance" or "economic gardening strategic  
12 assistance" means performing high-level database research and  
13 analysis or deploying staff members certified under subsection (4) of  
14 this section or possessing national expertise in the relevant  
15 industry to perform market research, develop core strategies, conduct  
16 business modeling, identify qualified sales leads, provide growth  
17 financing referrals, perform search engine optimization, utilize  
18 geographic information systems, advise on new media marketing, or  
19 assist with network analyses and innovation strategies.
- 20 (8) The pilot project created in this section terminates July 1,  
21 2019.
- 22 (9) This section expires July 1, 2020."
- 23 Correct the title.

EFFECT: Makes the following changes to the economic gardening pilot project within the Department of Commerce (Commerce):

(1) Provides that certification to participate may be provided by an entity with relevant expertise in providing strategic assistance to second-stage companies, rather than requiring certification to be provided by a nationally recognized certifying entity;

(2) Requires Commerce, before December 1, 2016, to issue a request for expression of interest, compile a list of interested parties, deliver the list to the legislature, and select from the list the entity it deems best able to deliver training and strategic assistance services to second-stage companies and achieve deliverables, including promoting job creation, increased sales, and increased value of goods or services exported;

(3) Authorizes Commerce or participating economic development organizations (EDOs) to contract with national specialists in the industries of the selected companies, rather than requiring Commerce and EDOs to contract with trained and certified economic gardening private contractors; and

(4) Removes "consulting" from the definition of "strategic assistance."

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