

SENATE BILL REPORT

SB 5379

As Reported by Senate Committee On:
Business, Financial Services, Gaming & Trade, January 26, 2023
Ways & Means, February 20, 2023

Title: An act relating to supporting innovation at associate development organizations.

Brief Description: Supporting innovation at associate development organizations.

Sponsors: Senators Frame, Dozier, Boehnke, Hasegawa, Saldaña, Shewmake and Wilson, C..

Brief History:

Committee Activity: Business, Financial Services, Gaming & Trade: 1/24/23, 1/26/23
[DP-WM].

Ways & Means: 2/13/23, 2/20/23 [DP, w/oRec].

Brief Summary of Bill

- Establishes a grant program, through the Department of Commerce, to support and catalyze initiatives to foster innovation, sustainability, partnerships, and equity at associate development organizations.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Stanford, Chair; Frame, Vice Chair; Dozier, Ranking Member; Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

Staff: Kellee Gunn (786-7429)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Conway, Dhingra, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun and Hasegawa.

Staff: Trevor Press (786-7446)

Background: Washington State is composed of 39 counties, each one represented by an Associate Development Organization (ADO) that furthers that county's, or region's, economic development goals. ADOs are funded in part by the Department of Commerce (Commerce), and their performance and expertise is used for economic development statewide.

Summary of Bill: Commerce must establish an annual competitive grant program to support and catalyze initiatives to foster innovation, sustainability, partnerships, and equity at ADOs. Commerce shall develop grant criteria with relevant stakeholders and award funding based on initiatives aligned with its work and priorities. Awards must be given equitably across the state.

Grant recipients must provide information on the use of their award funding to Commerce, and Commerce must provide that information in its report to the Legislature beginning with its December 31, 2026, report.

The Associate Development Organization Innovation, Sustainability, Partnerships, and Equity Grant Account is created in the custody of the state treasurer. The account may consist of state appropriations, private contributions, and other sources, to fund the grant program. An appropriation is not required to spend money from the account.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Business, Financial Services, Gaming & Trade):
PRO: ADO funding was cut during the great recession. Some funding has since returned, but the work they do is important. As we move out of the pandemic, we want ADOs to

thrive. The Washington Economic Development Association is committed to retaining jobs and expanding the workforce in Washington State. Innovation is important. We will be working through the budget process to get this funded. The work of ADOs is unique, with its public-private partnerships they are critical conveners and catalysts for change. ADO funding has remained stagnant for decades. ADOs do not receive a cost-of-living adjustment or other adjustments. This grant will help ADOs in the exciting work they are doing.

Thurston County EDC's strategic efforts have resulted in 150 million dollars of investment; and this has a multiplier effect in the region and county. State and local dollars are being put to good use, where they are most needed. Clallam County is a distressed county. It is a beautiful area but lacks the infrastructure and industries needed to support a vibrant economy. Our local governments do not have any grant writers on staff. ADO innovation grant funds could be used to hire grant writers. These innovation dollars are about providing equity and leveling the playing field. This funding could transform our struggling county. Our ADO could use these funds to expand digital platforms and help businesses find talent. These funds could help grow current programs, help meet certain accountability measures, support diversity, equity and inclusion work, and expand the capacity of an ADOs' outreach.

Persons Testifying (Business, Financial Services, Gaming & Trade): PRO: Senator Noel Frame, Prime Sponsor; Suzanne Dale Estey, Washington Economic Development Association; Michael Cade, Thurston Economic Development Council; Colleen McAleer, Clallam County Economic Development Council; Garry Clark, Economic Alliance Snohomish County; Jennie Dickinson, Port of Columbia; Roni Rholderdiefenbach@economi, Economic Alliance (Okanogan County); Karl Dye, Tri-City Development Council.

Persons Signed In To Testify But Not Testifying (Business, Financial Services, Gaming & Trade): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: A robust economic development ecosystem at the state, local, and regional level is crucial for sustained economic recovery, resilience, and job growth. This will create an innovation sustainability partnerships and equity fund for ADOs. ADOs have a mission of confidential, client based economic development that public-private partnerships are uniquely equipped to provide. In the last 5 years ADOs have helped 14,000 new jobs be created and saved over 13,700 jobs. The return on investments with ADOs is \$6 for every \$1 invested by the state. Now is the time to support additional and ongoing funding for the additional responsibilities ADOs have undertaken.

Persons Testifying (Ways & Means): PRO: Suzanne Dale Estey, Washington Economic Development Associat; Joe Morrison, Kitsap Economic Development Alliance.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.