
SUBSTITUTE HOUSE BILL 1406

State of Washington

69th Legislature

2025 Regular Session

By House Appropriations (originally sponsored by Representatives Barnard, Ryu, Leavitt, Waters, Rule, Ybarra, Schmidt, Ramel, Paul, Reeves, and Springer)

READ FIRST TIME 02/26/25.

1 AN ACT Relating to associate development organizations; and
2 amending RCW 43.330.082 and 43.330.086.

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

4 **Sec. 1.** RCW 43.330.082 and 2014 c 112 s 112 are each amended to
5 read as follows:

6 (1) ~~((a))~~ Contracting associate development organizations must
7 provide the department with measures of their performance and a
8 summary of best practices shared and implemented by the contracting
9 organizations. Annual reports must include the following information
10 to show the contracting organization's impact on employment and
11 overall changes in employment: Current employment and economic
12 information for the community or regional area produced by the
13 employment security department; the net change from the previous
14 year's employment and economic information using data produced by the
15 employment security department; other relevant information on the
16 community or regional area; the amount of funds received by the
17 contracting organization through its contract with the department;
18 the amount of funds received by the contracting organization through
19 all sources; and the contracting organization's impact on employment
20 through all funding sources. Annual reports may include the impact of
21 the contracting organization on wages, exports, tax revenue, small

1 business creation, foreign direct investment, business relocations,
2 expansions, terminations, and capital investment. Data must be input
3 into a common web-based business information system managed by the
4 department. Specific measures, data standards, and data definitions
5 must be developed in the contracting process between the department
6 and the contracting organization every two years. (~~Except as~~
7 ~~provided in (b) of this subsection, performance~~) Performance
8 measures should be consistent across regions to allow for statewide
9 evaluation.

10 (~~(b) In addition to the measures required in (a) of this~~
11 ~~subsection, contracting associate development organizations in~~
12 ~~counties with a population greater than one million five hundred~~
13 ~~thousand persons must include the following measures in reports to~~
14 ~~the department:~~

15 ~~(i) The number of small businesses that received retention and~~
16 ~~expansion services, and the outcome of those services;~~

17 ~~(ii) The number of businesses located outside of the boundaries~~
18 ~~of the largest city within the contracting associate development~~
19 ~~organization's region that received recruitment, retention, and~~
20 ~~expansion services, and the outcome of those services.)~~

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

25 (b) Contracting organizations that fail to achieve the agreed
26 performance targets in more than one-half of the agreed measures must
27 develop remediation plans to address performance gaps. The
28 remediation plans must include revised performance thresholds
29 specifically chosen to provide evidence of progress in making the
30 identified service changes.

31 (c) Contracts and state funding must be terminated for one year
32 for organizations that fail to achieve the agreed upon progress
33 toward improved performance defined under (b) of this subsection.
34 During the year in which termination for nonperformance is in effect,
35 organizations must review alternative delivery strategies to include
36 reorganization of the contracting organization, merging of previous
37 efforts with existing regional partners, and other specific steps
38 toward improved performance. At the end of the period of termination,
39 the department may contract with the associate development
40 organization or its successor as it deems appropriate.

1 (3) The department must submit a final report to the legislature
2 by December 31st of each even-numbered year on the performance
3 results of the contracts with associate development organizations.

4 **Sec. 2.** RCW 43.330.086 and 2008 c 131 s 3 are each amended to
5 read as follows:

6 (1) To the extent that funds are specifically appropriated
7 therefor, contracts with associate development organizations for the
8 provision of services under RCW 43.330.080(1)(b)(i) shall be awarded
9 according to the following annual schedule:

10 ~~((1))~~ (a) For associate development ~~((associations))~~
11 organizations serving urban counties, which are counties other than
12 rural counties as defined in RCW 82.14.370, a locally matched
13 allocation of up to ~~((ninety))~~ 90 cents per capita, totaling no more
14 than ~~((three hundred thousand dollars))~~ \$300,000 per organization;
15 and

16 ~~((2))~~ (b) For associate development ~~((associations))~~
17 organizations in rural counties, as defined in RCW 82.14.370, a per
18 county base allocation of up to ~~((forty thousand dollars))~~ \$40,000
19 and a locally matched allocation of up to ~~((ninety))~~ 90 cents per
20 capita.

21 (2) The matched allocation may be provided through cash, in-kind,
22 or a combination, with the in-kind match limited to 25 percent of the
23 local match.

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