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HOUSE BILL 1926

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By Representatives Kenney, Ormsby, Finn, Hasegawa, Ryu, Pettigrew, and Llias

Read first time 02/10/11. Referred to Committee on Community Development & Housing.

1 AN ACT Relating to using a web-based business services system; and  
2 amending RCW 43.330.060, 43.330.080, and 43.330.082.

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

4 **Sec. 1.** RCW 43.330.060 and 2010 c 165 s 2 are each amended to read  
5 as follows:

6 (1) The department (~~shall~~) must:

7 (a) Assist in expanding the state's role as an international center  
8 of trade, culture, and finance;

9 (b) Promote and market the state's products and services both  
10 nationally and internationally;

11 (c) Work in close cooperation with other private and public  
12 international trade efforts;

13 (d) Act as a centralized location for the assimilation and  
14 distribution of trade information; and

15 (e) Establish and operate foreign offices promoting overseas trade  
16 and commerce.

17 (2) The department (~~shall~~) must identify and work with Washington  
18 businesses that can use local, state, and federal assistance to  
19 increase domestic and foreign exports of goods and services.

1 (3) The department (~~shall~~) must work generally with small  
2 businesses and other employers to facilitate resolution of siting,  
3 regulatory, expansion, and retention problems. This assistance  
4 (~~shall~~) must include but not be limited to assisting in workforce  
5 training and infrastructure needs, identifying and locating suitable  
6 business sites, and resolving problems with government licensing and  
7 regulatory requirements. The department (~~shall~~) must identify gaps  
8 in needed services and develop steps to address them including private  
9 sector support and purchase of these services.

10 (4) The department (~~shall~~) must work to increase the availability  
11 of capital to small businesses by developing new and flexible  
12 investment tools; by assisting in targeting and improving the  
13 efficiency of existing investment mechanisms; and by assisting in the  
14 procurement of managerial and technical assistance necessary to attract  
15 potential investors.

16 (5) The department (~~shall~~) must assist women and minority-owned  
17 businesses in overcoming barriers to entrepreneurial success. The  
18 department (~~shall~~) must contract with public and private agencies,  
19 institutions, and organizations to conduct entrepreneurial training  
20 courses for minority and women-owned businesses. The instruction  
21 (~~shall~~) must be intensive, practical training courses in financing,  
22 marketing, managing, accounting, and recordkeeping for a small  
23 business, with an emphasis on federal, state, local, or private  
24 programs available to assist small businesses. Instruction (~~shall~~)  
25 must be offered in major population centers throughout the state at  
26 times and locations that are convenient for minority and women small  
27 business owners.

28 (6)(a) Subject to the availability of amounts appropriated for this  
29 specific purpose, by December 1, 2010, the department, in conjunction  
30 with the small business development center, must prepare and present to  
31 the governor and appropriate legislative committees a specific,  
32 actionable plan to increase access to capital and technical assistance  
33 to small businesses and entrepreneurs beginning with the 2011-2013  
34 biennium. In developing the plan, the department and the center may  
35 consult with the Washington state microenterprise association, and with  
36 other government, nonprofit, and private organizations as necessary.  
37 The plan must identify:

1 (i) Existing sources of capital and technical assistance for small  
2 businesses and entrepreneurs;

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

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

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

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

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

16 (7) By January 1, 2013, the department must use a web-based  
17 information system to coordinate work with other economic development  
18 partners on business recruitment, retention, expansion, and trade. The  
19 department must make the system available, provide training, and  
20 require the system's use by associate development organizations. The  
21 department may also make the system available to other economic  
22 development partners. The web-based information system is to be used  
23 to input data, track outcomes, and provide accurate and verifiable  
24 information from which the department will create comprehensive  
25 reports.

26 **Sec. 2.** RCW 43.330.080 and 2009 c 151 s 10 are each amended to  
27 read as follows:

28 The department shall contract with county-designated associate  
29 development organizations to increase the support for and coordination  
30 of community and economic development services in communities or  
31 regional areas. The organizations contracted within each community or  
32 regional area shall be broadly representative of community and economic  
33 interests. The organization shall be capable of identifying key  
34 economic and community development problems, developing appropriate  
35 solutions, and mobilizing broad support for recommended initiatives.  
36 The contracting organization shall work with and include local  
37 governments, local chambers of commerce, workforce development

1 councils, port districts, labor groups, institutions of higher  
2 education, community action programs, and other appropriate private,  
3 public, or nonprofit community and economic development groups. The  
4 scope of services delivered under these contracts (~~shall~~) must  
5 include two broad areas of work:

6 (1) Direct assistance, including business planning, to companies  
7 who need support to stay in business, expand, or relocate to Washington  
8 from out of state or other countries. Assistance includes:

9 (a) Working with the appropriate partners, including but not  
10 limited to, local governments, workforce development councils, port  
11 districts, community and technical colleges and higher education  
12 institutions, export assistance providers, the Washington manufacturing  
13 services, the Washington state quality award council, small business  
14 assistance programs, and other federal, state, and local programs to  
15 facilitate the alignment of planning efforts and the seamless delivery  
16 of business support services in the county;

17 (b) Providing information on state and local permitting processes,  
18 tax issues, and other essential information for operating, expanding,  
19 or locating a business in Washington;

20 (c) Marketing Washington and local areas as excellent locations to  
21 expand or relocate a business and positioning Washington as a globally  
22 competitive place to grow business, which may include developing and  
23 executing regional plans to attract companies from out of state;

24 (d) Working with businesses on site location and selection  
25 assistance;

26 (e) Providing business retention and expansion services, including  
27 business outreach and monitoring efforts to identify and address  
28 challenges and opportunities faced by businesses; (~~and~~)

29 (f) Participating in economic development system-wide discussions  
30 regarding gaps in business start-up assistance in Washington; and

31 (g) Using, by January 1, 2013, a web-based business information  
32 system to track data and coordinate work with other economic  
33 development partners on business recruitment, retention, expansion, and  
34 trade; and

35 (2) Support for regional economic research and regional planning  
36 efforts to implement target industry sector strategies and other  
37 economic development strategies, including cluster-based strategies,

1 that support increased living standards and increase foreign direct  
2 investment throughout Washington. Activities include:

3 (a) Participation in regional planning efforts with workforce  
4 development councils involving coordinated strategies around workforce  
5 development and economic development policies and programs.  
6 Coordinated planning efforts shall include, but not be limited to,  
7 assistance to industry clusters in the region;

8 (b) Participation between the contracting organization and the  
9 state board for community and technical colleges as created in RCW  
10 28B.50.050, and any community and technical colleges in providing for  
11 the coordination of the job skills training program and the customized  
12 training program within its region;

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

23 (d) In conjunction with other governmental jurisdictions and  
24 institutions, participate in the development of a countywide economic  
25 development plan, consistent with the state comprehensive plan for  
26 economic development developed by the Washington state economic  
27 development commission.

28 **Sec. 3.** RCW 43.330.082 and 2009 c 518 s 15 are each amended to  
29 read as follows:

30 (1) Contracting associate development organizations (~~shall~~) must  
31 provide the department with measures of their performance. Annual  
32 reports shall include information on the impact of the contracting  
33 organization on employment, wages, tax revenue, and capital investment.  
34 Specific measures (~~shall~~) must be developed in the contracting  
35 process between the department and the contracting organization every  
36 two years and data must be input into a common web-based business

1 information system managed by the department. Performance measures  
2 should be consistent across regions to allow for statewide evaluation.

3 (2)(a) The department and contracting organizations (~~shall~~) must  
4 use a common web-based business information system and agree upon  
5 specific target levels for the performance measures in subsection (1)  
6 of this section. Comparison of agreed thresholds and actual  
7 performance (~~shall~~) must occur annually.

8 (b) Contracting organizations that fail to provide the specified  
9 data in the web-based business information system or achieve the agreed  
10 performance targets in more than one-half of the agreed measures  
11 (~~shall~~) must develop remediation plans to address performance gaps.  
12 For failure to meet agreed performance targets, the remediation plans  
13 (~~shall~~) must include revised performance thresholds specifically  
14 chosen to provide evidence of progress in making the identified service  
15 changes.

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

26 (3) The department (~~shall~~) must report to the legislature and the  
27 Washington economic development commission by December 31st of each  
28 even-numbered year on the performance results of the contracts with  
29 associate development organizations.

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