

NEW SECTION. Sec. 12. Section 1, chapter 271, Laws of 1986 and RCW 70.119A.010 are each repealed.

Passed the Senate March 10, 1989.

Passed the House April 19, 1989.

Approved by the Governor May 14, 1989, with the exception of certain items which were vetoed.

Filed in Office of Secretary of State May 14, 1989.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to sections 7, 9, 10 and 11, Engrossed Substitute Senate Bill No. 5566 entitled:

"AN ACT Relating to safe drinking water."

Section 7 amends RCW 70.119A.040, which was also amended by House Bill 1358, the Administrative Procedure Act revision bill. The amendment in this bill has the same intent as the amendment in House Bill 1358, but the language is conflicting. Since I have already signed House Bill 1358 into law, I am vetoing Section 7.

Section 9 amends RCW 43.20.050, which was also amended by House Bill 1857. Both bills amend the rule-making authority of the Board of Health with respect to drinking water systems. The only difference between the two amendments is that House Bill 1857 gives additional authority to the Board for regulating the sizing of pipes and storage facilities. This language is more explicit than the language in section 9 of Engrossed Substitute Senate Bill 5566. Since I have already signed House Bill 1857 into law, I am vetoing section 9.

Sections 10 and 11 amend the Public Water Supply Systems - Certification and Regulation of Operators Act, and the Public Water System Coordination Act of 1977, respectively. Both sections amend the definition of a public water supply system to exclude water systems serving fewer than five single-family residences. The current language, and the definition of public water supply system in the Safe Drinking Water Act, exclude only water systems that serve a single-family residence.

The exclusions in sections 10 and 11 would exempt over 4,000 small water systems from regulation, leaving these households without protection of their drinking water. People whose homes connect with small water systems deserve, and expect, the same quality of water as people whose homes are connected to larger systems. It is appropriate for the state, in its role of protecting public health, to assist small water systems in complying with safe drinking water regulations.

With the exception of sections 7, 9, 10, and 11, Engrossed Substitute Senate Bill No. 5566 is approved."

CHAPTER 423

[Substitute House Bill No. 2137]

ECONOMIC DEVELOPMENT—TARGETED SECTORS PROGRAMS— BIOTECHNOLOGY AND FOOD PROCESSING

AN ACT Relating to targeted sectors for economic development; and adding new sections to chapter 43.31 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The legislature finds that the future health of certain sectors of Washington state's economy is at risk in the face of increasing global competition. The service and aerospace industries have

responded well to this increasing global competition. However, certain traditional industries, such as forest products and agriculture, have experienced some decline. Significant public and private resources are being directed toward restoring the vitality of these industries.

(2) The legislature finds that, in addition to these industries, there are a number of emerging sectors in the state economy which offer real promise. These include biotechnology and food processing. In the next decade, these emerging sectors can be among the state's strongest, most stable sectors able to successfully compete in the global market. It is the purpose of sections 1 through 6 of this act to help these emerging sectors by encouraging a broader base and support for their development. It is also the purpose of this act to ensure that more specific direction is given to the department in developing its programs and that the impact of resources the department directs toward targeted sectors is better measured.

(3) The legislature also finds that the state must work in partnership with the private sector to enhance economic development, whether restoring the vitality of declining industries or developing new industries with good economic potential. In order for the public and private efforts to be most successful, the state, particularly the department, must clearly articulate: (a) Its goals and objectives; (b) its appraisal of the sector that led to the goals and objectives; (c) its choice of strategy for achieving the goals and objectives; (d) its implementation plans and timetables; and (e) its evaluation criteria and process. The department must work with the private sector and the legislature in the analysis, the setting of goals, the choice of strategy, and the evaluation process so that all parties have input into and understand how the problem is being defined and how the problem is being solved.

NEW SECTION. Sec. 2. (1) The department shall establish targeted sector programs in the areas of biotechnology and food processing. The purpose of these programs shall be to analyze the current state of the targeted sector and develop an action plan and program for each targeted sector to increase the sales of products from these sectors nationally and internationally. The department shall also develop an evaluation process to measure the effectiveness of the targeted sector programs. The targeted sector programs are intended to significantly increase the jobs and capital investment in these sectors through a well-conceived and implemented marketing plan.

(2) A targeted sector program within the department shall:

(a) Administer the targeted sector programs established in subsection (1) of this section;

(b) Work with the advisory committee and subcommittees created in section 4 of this act to appraise each targeted sector, develop alternatives to assist in the development of the sector, choose a strategy for assisting the

targeted sector, and evaluate the strategy and its implementation for effectiveness; and

(c) Work with other state agencies, local governments, and the private sector.

NEW SECTION. Sec. 3. (1) The department may contract with public or private organizations, such as the international marketing program for agricultural products and trade or the northwest policy center, to appraise the targeted sector to determine the current state of the sector prior to the department undertaking program development or marketing under section 2 of this act. In making this appraisal, the department shall consider, but shall not be limited to, the following: (a) The strengths and weaknesses of the sector; (b) the opportunities and risks in the sector; (c) any emerging products, processes, and market niches in the sector; (d) the commercialization of technology related to the sector; (e) the availability of capital in the sector; (f) the education and training needs in the sector; (g) the infrastructure development in the sector; (h) the number of employees and businesses in the sector; and (i) the role the state should play in the long-term development of the sector.

(2) The department shall base its marketing strategy and action plan for each targeted sector on the appraisal of the sector under subsection (1) of this section. Where needs are identified in the appraisal of the sector but are beyond the scope of the department's program or ability to accomplish without additional resources, the department shall provide clear recommendations to the legislature regarding an action plan the state should implement to address these identified needs.

***NEW SECTION.** Sec. 4. (1) *The department shall establish an advisory committee for its targeted sector program. The advisory committee shall provide policy direction regarding:*

- (a) *The appraisal process;*
- (b) *Program development;*
- (c) *Program implementation; and*
- (d) *The evaluation criteria and process for the target sector programs.*

(2) *The advisory committee shall include:*

(a) *At the discretion of the house of representatives and the senate, four legislators, one from each caucus in the house of representatives appointed by the speaker of the house, and one from each caucus in the senate appointed by the president of the senate;*

(b) *Three members of the department of agriculture food products processing advisory committee appointed by the chairperson of this advisory committee;*

(c) *Three members of the Washington state biotechnology association appointed by the chairperson of this association; and*

(d) Other members appointed by the director, such as industry experts, financing experts, venture capitalists, patent attorneys, and marketing experts, representing a variety of interests and geographic areas.

The chairperson of the advisory committee shall be appointed by the director and shall serve as chairperson at the discretion of the director.

(3) The advisory committee shall create a subcommittee for each targeted sector. The members of each subcommittee, except as provided otherwise in this subsection, shall be appointed by the chairperson of the advisory committee in consultation with the advisory committee; the subcommittees may include persons who are not members of the advisory committee. The subcommittee for each targeted sector shall include persons with expertise in that sector. Each of the members appointed to the advisory committee under subsection (2)(b) of this section shall also serve on the subcommittee for the food processing targeted sector; each of the members appointed to the advisory committee under subsection (2)(c) of this section shall also serve on the subcommittee for the biotechnology targeted sector.

(4) The advisory committee and subcommittees shall provide policy and program direction to the targeted sector program created under section 2(2) of this act, and shall consider the role of other state agencies and the private sector in advising the department.

(5) The members of the advisory committee and the subcommittees shall serve two-year terms. The legislative members may be reimbursed for travel expenses under RCW 44.04.120. Other members may be reimbursed for their travel expenses under RCW 43.03.050 and 43.03.060.

**Sec. 4 was vetoed, see message at end of chapter.*

NEW SECTION. Sec. 5. The department shall also establish a targeted sector program in manufactured forest products. This program shall be part of the targeted sector program established under section 2(2) of this act, and the department shall conduct an appraisal, as described in section 3 of this act, for the manufactured forest products targeted sector. Three members of the evergreen partnership appointed by the director of the evergreen partnership shall be included in the advisory committee established under section 4 of this act, and these persons shall also be part of the subcommittee on the manufactured forest products targeted sector. The department shall also report on the manufactured forest products targeted sector as part of its reporting duties under section 9 of this act.

**Sec. 5 was vetoed, see message at end of chapter.*

NEW SECTION. Sec. 6. The business assistance center of the department of trade and economic development, in consultation with the Washington state institute for public policy and the northwest policy center shall review the establishment of an industrial extension grant program in targeted sectors. The department shall conduct this review to the extent existing resources permit.

NEW SECTION. Sec. 7. The department, in reviewing the establishment of the industrial extension program, shall identify:

- (1) The manner in which the program should be structured and funded;
- (2) The scope of services that should be provided; and
- (3) The availability of possible grant recipients that could provide services under the program.

NEW SECTION. Sec. 8. The business assistance center shall examine mechanisms for the establishment of flexible manufacturing networks or consortia in targeted sectors through which small firms cooperatively access modernization, marketing, training and other services. The department shall conduct this study to the extent existing resources permit.

NEW SECTION. Sec. 9. By January 10th of each year the department shall report in writing on its targeted sector programs to the trade and economic development committee in the house of representatives and the economic development and labor committee in the senate. The department shall report on each element of the targeted sector program, including: (1) Appraisal of the sector; (2) alternatives for assisting in the growth and development of the sector; (3) the choice of the strategy and the rationale behind that choice; (4) the implementation of the strategy; and (5) the evaluation of the targeted sector program. The department shall also make current information available on a regular basis to the legislature and the private sector regarding its targeted sector programs.

The business assistance center shall report by January 1, 1990, to the senate economic development and labor committee and house of representatives trade and economic development committee on its findings and recommendations on the establishment of an industrial extension program and flexible manufacturing networks or consortia program.

NEW SECTION. Sec. 10. The department shall work with industry trade groups, local governments, and local economic development organizations in implementing the target sector programs. The department shall seek and utilize nonstate funds to help carry out these programs.

NEW SECTION. Sec. 11. Sections 1 through 10 of this act are each added to chapter 43.31 RCW.

Passed the House April 22, 1989.

Passed the Senate April 22, 1989.

Approved by the Governor May 14, 1989, with the exception of certain items which were vetoed.

Filed in Office of Secretary of State May 14, 1989.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to sections 4 and 5, Engrossed Substitute House Bill No. 2137 entitled:

"AN ACT Relating to targeted sectors for economic development."

Engrossed Substitute House Bill No. 2137 establishes new programs in the Department of Trade and Economic Development focused on significant industries in the state facing the prospect of major growth or change. The legislation provides a framework for state action to encourage the competitiveness of these industries. It ensures that the state assist these industries only after taking a careful look at the industry and after consideration of issues such as international markets, training needs, and the availability of financing. It provides a thoughtful and appropriate structure for state activities of this type.

Section 4 of the bill, however, establishes an advisory committee for the program as a whole and subcommittees for each of three targeted industries. While I agree with the need to involve affected industries in the development and operation of programs to address their competitive needs, and while legislative involvement in this process may be valuable, the structure to achieve these ends is administratively cumbersome and overly complex.

I have therefore vetoed Section 4 of the bill. I will, however, ensure that affected industries will be involved in the development and operation of the programs and that such action is consistent with the spirit of Engrossed Substitute House Bill 2137.

Section 5 of the bill provides for a targeted sector program for manufactured wood products in the Department of Trade and Economic Development. I agree that there is a need for state involvement to increase the capacity of our state's wood products firms to manufacture new value-added wood products for domestic and international markets. However, the Legislature has appropriated funds in section 309(8) of this year's operating budget for new activities by the department, in cooperation with the state's wood products industry, to increase the competitiveness of state firms in these markets. The provisions contained in section 5 are duplicative of the budget provisions and would be unnecessarily burdensome.

While vetoing section 5, I will, however, ensure that state activities to increase the competitiveness of the state's manufactured wood products industry are undertaken in a fashion consistent with the thoughtful approach to other industrial sectors as provided for in this legislation.

With the exception of Sections 4 and 5, Engrossed Substitute House Bill No. 2137 is approved."

CHAPTER 424

[Substitute Senate Bill No. 5911]

FOREST MANAGEMENT—RESEARCH AND POLICY DEVELOPMENT

AN ACT Relating to public lands; adding a new section to chapter 76.12 RCW; creating new sections; making appropriations; providing an effective date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The forest resources of Washington are among the most valuable of the state's resources. They provide significant opportunities for employment, education, and enjoyment, and they support a variety of uses. These forest resources are increasingly affected by pressure from a variety of sources, which will result in changes in current management practices for the resources and in changes in the economics that are dependent on these resources.

The legislature desires to develop forest management policies that anticipate emerging issues and assure a response which will protect and enhance those economic and ecological systems that are dependent on the