

HOUSE BILL REPORT

ESHB 2892

As Passed House:
February 14, 2004

Title: An act relating to the creation of a center for advanced manufacturing.

Brief Description: Creating a center for advanced manufacturing.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Upthegrove, Schual-Berke, G. Simpson, Cairnes, Wallace, Veloria, Wood, Kenney, Morrell and Conway).

Brief History:

Committee Activity:

Trade & Economic Development: 2/3/04, 2/5/04 [DP];
Appropriations: 2/9/04 [DPS].

Floor Activity:

Passed House: 2/14/04, 63-33.

Brief Summary of Engrossed Substitute Bill

- Requires a feasibility study and economic analysis of the creation of a Center for Advanced Manufacturing.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 9 members: Representatives Veloria, Chair; Skinner, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Blake, Chase, McCoy, Ormsby, Pettigrew and Priest.

Minority Report: Do not pass. Signed by 3 members: Representatives Condotta, Kristiansen and Rodne.

Staff: Tracey Taylor (786-7196).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Anderson, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McIntire, Miloscia, Ruderman and Schual-Berke.

Minority Report: Do not pass. Signed by 9 members: Representatives Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Buck, Chandler, Clements, McDonald, Sump and Talcott.

Staff: Holly Lynde (786-7153).

Background:

The Employment Security Department's (ESD) Labor Market and Economic Report for 2003 notes that the manufacturing sector in Washington has lost 62,500 jobs since the employment peak of November 2000. Manufacturing accounted for 17 percent of Washington's employment base in 1990. In 2003, it accounts for just under 11 percent.

The report characterizes the manufacturing sector, along with natural resources and agriculture and the federal government, as a structurally declining industry as opposed to a cyclical industry. Structural changes are associated with permanent changes in demand or supply that lead to an adaption in an industry while cyclical changes are usually associated with the business cycle.

The ESD reports that about three-quarters of the decline in manufacturing is structural. Some of the manufacturing sectors exhibiting larger structural declines include paper manufacturing, wood products, transportation equipment, primary metal manufacturing, and food manufacturing. Some areas of manufacturing still show more stable employment and appear to be experiencing cyclically dominated change. These areas include electrical equipment and appliance, nonmetallic mineral products, furniture and related products, and petroleum and coal products.

The 1990s saw significant new investment by manufacturing companies in technologies including hardware, software and the use of new processes, often based on team work and new organizational structures. This is causing the number of unskilled manufacturing jobs to decline. Manufacturers are demanding a more skilled worker in order to deal with the growing range of advanced technologies.

Summary of Engrossed Substitute Bill:

A feasibility study and economic analysis of a Center for Advanced Manufacturing (Center). A center is to be created to provide ongoing training, curriculum and courses to develop a skilled work force, with a focus on quality efficiency practices.

Among the services the Center could offer: a research institution to transfer technology for commercial applications in small to mid-market manufacturers; a clearinghouse and national research library; and on-going training and curriculum to develop a skilled workforce.

The feasibility study and economic analysis will be accomplished by a qualified organization that is a 501 (c) (3) nonprofit organization or a partnership of a 501 (c) (3) nonprofit organization and a government or quasi-government agency focused on supporting small, medium or large manufacturing businesses. The organization must demonstrate it has the

resources necessary to complete the work in a timely manner, and the state funds are not the sole source of funding.

The bill is null and void if specific funding is not appropriated in the omnibus appropriations act.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Testimony For: (Trade & Economic Development) Manufacturing is the backbone of employment in the Kent Valley and the U.S.; however, we are competing with emerging countries. We must reject a race to the bottom and trade barriers to compete; instead, we need a new innovative approach. There are opportunities for public-private partnerships to turn our manufacturing industry from a culture of efficiencies to a culture of innovations. This highly collaborative approach would serve small and mid-market manufacturers. There is a broad coalition working on this type of concept.

Testimony For: (Appropriations) We believe this is one of the most important job retention and enhancement measures you will consider this session. Data from the Employment Security Department indicates we have lost more than 60,000 manufacturing jobs in the past three years. This is not just a cyclical change; this is a structural issue that is not going to be overcome with an upturn in the economy. It is critical to use technology, skills enhancement, and training to help maintain and grow more manufacturing jobs. This bill is a combined effort of labor, management, community colleges, cities, businesses, and government. This bill involves more than the Green River Valley; it has statewide implications. Using existing resources and some creativity, we should be able to administratively manage this program.

Testimony Against: (Trade & Economic Development) There are additional responsibilities assigned to the DCTED; however, there is no appropriation included in the bill to support these new activities.

Testimony Against: (Appropriations) None.

Persons Testifying: (Trade & Economic Development) (In Support) Representative Upthegrove, prime sponsor; Marcelle Pechler, Kent Chamber of Commerce; Nathan Torgelson, City of Kent, and Ron Newbry, Washington Manufacturing Services.

(Opposed) Tom McBride, Community, Trade and Economic Development.

Persons Testifying: (Appropriations) Doug Levy, City of Kent and Kent Chamber of Commerce.

Persons Signed In To Testify But Not Testifying: (Trade & Economic Development) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.