

SENATE BILL REPORT

SB 5618

As Reported By Senate Committee On:
Economic Development, Trade & Management, February 7, 2007

Title: An act relating to assisting manufacturers.

Brief Description: Assisting manufacturers.

Sponsors: Senators Shin, Clements, Sheldon, Rasmussen, Kilmer and Kastama.

Brief History:

Committee Activity: Economic Development, Trade & Management: 2/06/07, 2/07/07 [DPS-WM].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: That Substitute Senate Bill No. 5618 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

Staff: Jack Brummel (786-7428)

Background: Manufacturing represents 14 percent of all employment in Washington, 16 percent of wages, and 17 percent of the state's business and occupation tax revenue, contributing about \$27 billion to Washington's gross state product. Almost half of the manufacturers in the state have fewer than 250 employees. The competitiveness of larger manufacturers often depends on smaller manufacturers, which generate more than half of all innovations in the economy and account for more than half of the net job creation annually. In 2006, Washington Manufacturing Services (WMS) was created in statute as a private, nonprofit corporation to operate a modernization extension system, coordinate modernization resources, and stimulate the competitiveness of small and midsize manufacturers. WMS is affiliated with the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership. WMS may charge fees for services and receive funds from private and public sources. Federal funding for the program is contingent on the receipt of state matching funds and private funds.

Summary of Bill: WMS is to create programs which: (1) provide modernization services to firms with 50 or fewer employees; (2) assist firms become certified in internationally recognized quality assurance programs; (3) develop partnerships to reduce firm costs and increase compliance with environmental regulations; and (4) work with students and teachers to educate about careers in manufacturing.

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

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Economic Development, Trade & Management): Specificity is added to the requirement that WMS assist companies to gain certification in internationally accepted quality assurance programs.

Appropriation: \$500,000 in fiscal year 2008. \$500,000 in fiscal year 2009.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The small size of many manufacturers makes it hard for them to get the assistance they need. Washington Manufacturing Services reaches out to these firms and matches a variety of funds to help them. Substantial sustained support for WMS from the state can make a big difference in the success of small manufacturers. Many of Boeing's 3,000 suppliers in Washington are struggling to see how they can meet international standards and survive. WMS is capable of working with businesses to meet the quality standards of their industry.

Persons Testifying: PRO: John Vicklund, Ron Newbry, Washington Manufacturing Services; Darin Rice, Department of Ecology.