

# FINAL BILL REPORT

## SSB 6510

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### C 315 L 08

Synopsis as Enacted

**Brief Description:** Providing a funding source to assist small manufacturers in obtaining innovation and modernization extension services.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kastama, King, Shin and Rasmussen).

**Senate Committee on Economic Development, Trade & Management**

**Senate Committee on Ways & Means**

**House Committee on Community & Economic Development & Trade**

**House Committee on Appropriations**

**Background:** Manufacturing represents 14 percent of all employment in Washington, 16 percent of wages, and 17 percent of the state's business and occupation (B&O) 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 federal 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:** The Washington Manufacturing Innovation and Modernization Extension Service program (the program) is created and will be administered by the Department of Community, Trade and Economic Development (CTED). CTED administrative expenses for the program are limited to 3 percent of available funds.

Under the program, small manufacturers, industry associations, or cluster associations may receive vouchers of up to \$200,000 per year to cover the costs of manufacturing extension services. Such services are to be provided by a qualified manufacturing extension partnership affiliate such as WMS. The costs of the manufacturing extension services must be repaid.

The manufacturing innovation and modernization account is created. Its funds come from payments made by participants in the program and monies solicited by the Director of CTED. Funds are disbursed to qualified manufacturing extension partnership affiliates to cover the costs of extension services. Funds received by an affiliate qualify as the state match required by the NIST Manufacturing Extension Partnership.

A legislative finding states that most small and midsize manufacturers do not have the resources that will allow them to easily access modernization technical assistance and the skills training needed to make them globally competitive. The legislative finding also states that the intent of the Legislature is to: (1) create a new mechanism in a manner that reduces the up-front costs of these services for small and midsize manufacturing firms; and (2) increase state support for the manufacturing extension program, expand the delivery of modernization services to small and midsize Washington manufacturers, and leverage federal funding and private resources devoted to such efforts.

The act is terminated June 30, 2012.

**Votes on Final Passage:**

Senate	48	0	
House	94	0	(House amended)
Senate	49	0	(Senate concurred)

**Effective:** June 12, 2008