

HOUSE BILL REPORT

HB 1674

As Reported by House Committee On:
Community Development & Housing

Title: An act relating to providing that the manufacturing innovation and modernization extension service program is not to sunset.

Brief Description: Providing that the manufacturing innovation and modernization extension service program is not to sunset.

Sponsors: Representatives Kenney, Smith, Ryu, Johnson, Walsh, Finn, Maxwell and Stanford.

Brief History:

Committee Activity:

Community Development & Housing: 2/7/11, 2/10/11 [DPA].

Brief Summary of Amended Bill

- Makes the Manufacturing Innovation and Modernization Extension Service Program (MIMES Program) permanent.
- Changes the biennial report on the MIMES Program to a report in any year following the year in which funding was received by a qualified affiliate.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT & HOUSING

Majority Report: Do pass as amended. Signed by 9 members: Representatives Kenney, Chair; Finn, Vice Chair; Smith, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Maxwell, Ryu, Santos and Walsh.

Staff: Chris Cordes (786-7103).

Background:

Impact Washington (Washington Manufacturing Services).

In 2006 the Washington Manufacturing Services was created by statute as a private nonprofit corporation to operate a modernization extension system, coordinate modernization resources, and stimulate the competitiveness of small and midsize manufacturers. The entity

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formed under this statute is known as Impact Washington. Impact Washington may charge fees for services and receive funds from private and public sources.

Impact Washington is an affiliate under the federal Manufacturing Extension Partnership Program (MEP Program) of the United States Department of Commerce's National Institute of Standards and Technology. In October 2010 Impact Washington received a grant from the MEP Program for a three-year project with first-year funding of \$130,000. The grant is intended to foster innovation with specific emphasis on exports.

Washington Manufacturing Innovation and Modernization Extension Service.

In 2008 the Washington Manufacturing Innovation and Modernization Extension Service Program (MIMES Program) was created. The MIMES Program is administered by the Department of Commerce (Department). The MIMES Program's purpose is to provide assistance to small manufacturers, defined as private companies having 100 or fewer employees whose primary business is to add value to a product through a manufacturing process.

Under the MIMES Program, the Department may provide eligible entities with vouchers of up to \$200,000 per year to cover the costs of manufacturing extension services performed by a qualified affiliate, such as Impact Washington. Services may include strategic planning, continuous improvement, business development, lean processes, and supply chain management, among others.

The costs of the manufacturing extension services must be repaid, with payments deposited in a dedicated account. All repayments are intended, by statute, to be eligible as the state match in a qualified affiliate's application for federal matching funds under the MEP Program. A qualified affiliate receiving MIMES Program funds must report annually to the Department, and the Department must provide a biennial evaluation and report to legislative committees.

A sunset review of the MIMES Program is scheduled in 2012 with a repeal of the MIMES Program on June 30, 2013.

Summary of Amended Bill:

The Manufacturing Innovation and Modernization Extension Service Program (MIMES Program) is made permanent by repealing the 2013 sunset review and termination requirement.

The requirement for the Department of Commerce to provide a biennial report on the MIMES Program is changed to a report in any year following the year in which funding was received by a qualified affiliate.

Amended Bill Compared to Original Bill:

The amended bill adds a provision changing the biennial report on the MIMES Program to a report in any year following the year in which funding was received by a qualified affiliate.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The MIMES Program has gotten off to a slow start. But it is very similar to a program that the community colleges administer for customized training. Under the program, small manufacturers get access to funds to improve their operations. It took some time to work out the payment procedures, including determining whether Impact Washington would get paid up front. The program does more than train employees. It begins by helping companies with procedures that improve operations, but then it takes many months to follow the company through the change phase. The statute also requires the company to increase jobs, and right now companies are hesitant to commit to the program. With an economic turnaround, these small manufacturers could lead the way out of the recession. The need is particularly significant for small manufacturers who can no longer rely on their banks or their line of credit. The hope is to give assistance that helps position them in the global market.

(Opposed) None.

Persons Testifying: Representative Kenney, prime sponsor; and John Vicklund, Impact Washington.

Persons Signed In To Testify But Not Testifying: None.