

SENATE BILL REPORT

SB 5731

As Amended by House, April 9, 2011

Title: An act relating to Washington manufacturing services.

Brief Description: Concerning Washington manufacturing services.

Sponsors: Senators Chase, Kastama, Shin and Conway.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 2/14/11, 2/16/11, 2/17/11 [DP, w/oRec].

Passed Senate: 3/04/11, 47-1.

Passed House: 4/09/11, 93-2.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: Do pass.

Signed by Senators Kastama, Chair; Chase, Vice Chair; Baumgartner, Ranking Minority Member; Hatfield, Holmquist Newbry, Kilmer, Shin and Zarelli.

Minority Report: That it be referred without recommendation.

Signed by Senator Ericksen.

Staff: Jack Brummel (786-7428)

Background: In 2006 the Legislature created the Washington Manufacturing Services in statute as a nonprofit corporation (the corporation) to operate a modernization extension system, coordinate a network of public and private modernization resources, and stimulate the competitiveness of small and midsize manufacturers. The Legislature stated an intent to encourage small and midsize firms to aggregate their demand for training and other modernization services, thus driving down the cost to the individual firm and securing more effective services, and directed the corporation to provide assistance to industry associations, networks, or consortia. In 2010 the board of directors of the corporation changed the name of Washington Manufacturing Services to Impact Washington.

The U.S. Department of Commerce commissions an annual audit of the corporation's clients. Their most recent audit results for 2010 showed increased sales of \$47,806,779; 150 jobs

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created; 410 jobs retained; decreased costs of \$12,127,512; and increased capital spending of \$18,576,608.

The corporation receives about \$2 million annually from the federal government. The federal government requires local matching funds. The corporation receives \$200,000 annually from the state, and the remainder of its \$4 million annual budget comes from fee for services.

The U.S. Department of Commerce's Trade Adjustment Assistance for Firms program helps American companies become more competitive when faced with import competition in their markets. Companies can receive up to \$75,000 in matching grant funding for assistance projects that enhance their competitiveness. The types of projects funded include re-engineering, production control and inventory systems, marketing and sales, cost reduction, and information technology.

Summary of Bill: The corporation may be known as Impact Washington. A minimum of 50 percent of the funds received by the corporation from the state must be used by the corporation for assistance to industry or cluster associations, networks, or consortia. In conjunction with industry sector and cluster associations, the corporation is to help manufacturers affected by import competition apply for federal Trade Adjustment Assistance financing.

Appropriation: None.

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 goal here is to position ourselves to capture the full value chain of the innovation economy. Impact Washington is the core of our production cluster. The bill emphasizes what impact Washington has recently been involved with. The waiting list for Impact Washington Services is substantial.

Persons Testifying: PRO: Senator Chase, prime sponsor; Ron Newbry, Impact Washington.

House Amendment(s): Changes the requirement that Impact Washington use a maximum of 50 percent of its state funds to assist industry or cluster associations, networks, or consortia in carrying out specific duties, to requiring that they use between 35 and 65 percent of its state funds for that purpose.