

# SENATE BILL REPORT

## SB 6368

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As of January 23, 2012

**Title:** An act relating to the Washington manufacturing innovation and modernization extension service program.

**Brief Description:** Concerning the Washington manufacturing innovation and modernization extension service program.

**Sponsors:** Senators Chase, Kastama, Shin and Conway.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 1/23/12.

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Staff:** Jack Brummel (786-7428)

**Background:** The Washington Manufacturing Innovation and Modernization Extension Service program (program) was created in 2008. The Department of Commerce (Commerce) administers the program. 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 Impact Washington. The costs of the manufacturing extension services must be repaid.

The Manufacturing Innovation and Modernization account (account) was created to house the funds from payments made by participants in the program and monies solicited by the Director of Commerce. 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 National Institute of Standards and Technology Manufacturing Extension Partnership.

The program terminates in 2012.

In its 2011 sunset review of the program, the Joint Legislative Audit and Review Committee recommended that the Legislature allow the program to expire.

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*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.*

The business and occupation (B&O) tax is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities conducted within the state with no deductions for the costs of doing business. Credits against the B&O tax may be awarded for a variety of activities including aerospace preproduction development and customized training.

**Summary of Bill:** The termination and sunset review provisions for the program are extended for five years. A B&O tax credit is allowed for participants in the program, equal to 50 percent of the payments a participant makes into the account. The total credit available during any year to all participants is limited to \$1.225 million.

**Appropriation:** None.

**Fiscal Note:** Requested on January 17, 2011.

**Committee/Commission/Task Force Created:** No.

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