

HOUSE BILL REPORT

HB 2580

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to fostering economic resilience and development in Washington by supporting the maritime industry and other manufacturing sectors.

Brief Description: Fostering economic resilience and development in Washington by supporting the maritime industry and other manufacturing sectors.

Sponsors: Representatives Tarleton, Haler, Fey, Wylie, Seaquist, Pollet, Ryu and Carlyle.

Brief History:

Committee Activity:

Technology & Economic Development: 1/30/14, 1/31/14, 2/4/14 [DPS].

Brief Summary of Substitute Bill

- Creates the Joint Legislative Task Force on the Economic Resilience of Maritime and Manufacturing in Washington.
- Requires the State Geologist to update and improve the seismic scenario catalog with respect to the geographic areas designated as manufacturing/ industrial centers by the Puget Sound Regional Council and the Puget Sound lowland and coastal areas.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Morris, Chair; Habib, Vice Chair; Smith, Ranking Minority Member; Short, Assistant Ranking Minority Member; Dahlquist, DeBolt, Fey, Freeman, Hudgins, Kochmar, Magendanz, Morrell, Ryu, Stonier, Tarleton, Vick, Walsh, Wylie and Zeiger.

Staff: Kelly Leonard (786-7147).

Background:

Puget Sound Regional Council and Manufacturing/Industrial Centers.

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 Puget Sound Regional Council (PSRC) is a federally-designated metropolitan planning organization and a state-designated regional transportation planning organization with a membership comprised of King, Pierce, Kitsap, and Snohomish counties as well as several cities, ports, state entities, tribes, and transit agencies. The PSRC develops policies and makes decisions about transportation planning, economic development, and growth management throughout the four-county metropolitan area surrounding Puget Sound.

In 2009 the PSRC adopted VISION 2040, a long-range growth management, transportation and economic development strategy aimed at accommodating population and job growth expected to be in the Puget Sound region by the year 2040. Part of the VISION 2040 regional growth strategy is to concentrate housing and job growth into defined areas, called centers. This includes identifying regional manufacturing/industrial centers (MICs) as locations for industrial land and employment.

The MICs are existing employment areas with intensive, concentrated manufacturing and industrial land uses that cannot be easily mixed with other activities. The MICs can be characterized as areas of large contiguous blocks served by the region's major transportation infrastructure, including roads, rail, and port facilities. The PSRC has currently designated eight MICs, including Ballard/Interbay, Duwamish, Frederickson, Kent, North Tukwila, Port of Tacoma, Paine Field/Boeing Everett, and South Kitsap Industrial Area.

State Geologist and Washington State Earthquake Hazards Scenario Catalog.

The Department of Natural Resources (DNR), through the appointed State Geologist, is responsible for maintaining the state geological survey. The state geological survey is required to meet a number of objectives, including an assessment of seismic, landslide, and tsunami hazards. This assessment must include the identification and mapping of volcanic, seismic, landslide, and tsunami hazards, an estimation of potential consequences, and the likelihood of occurrence.

The DNR hosts a geologic information portal online that contains the Washington State Earthquake Hazards Scenario Catalog (Catalog). The Catalog contains loss estimates for varying earthquake scenarios. These scenarios represent estimates of the most serious earthquake hazards. Loss estimates for the scenarios and other data calculations are produced by the Federal Emergency Management Agency's Hazards United States loss estimation software using scenario earthquakes developed by the United States Geological Survey. The purpose of the Catalog is to assist managers and emergency planners in visualizing potential impacts of various seismic events.

Summary of Substitute Bill:

State Geologist and Washington State Earthquake Hazards Scenario Catalog.

The State Geologist must update and improve the Catalog with respect to the geographic areas designated as MICs by the PSRC as of January 1, 2014, including the Ballard/Interbay,

Duwamish, Frederickson, Kent, North Tukwila, Port of Tacoma, Paine Field/Boeing Everett, and South Kitsap Industrial Area MICs, and the Puget Sound lowland and coastal areas. The update must also include infrastructure critical to the operations of industry in those geographic areas.

The State Geologist must submit a report with a summary of his or her findings to the Joint Legislative Task Force on the Economic Resilience of Maritime and Manufacturing in Washington, the Governor, and the appropriate committees of the Legislature by November 1, 2014.

Joint Legislative Task Force.

The Joint Legislative Task Force on the Economic Resilience of Maritime and Manufacturing in Washington (Task Force) is created. The Task Force is composed of 13 members as follows:

- six members from the House of Representatives, including three from each caucus appointed by the Speaker of the House;
- six members from the Senate, including three from each caucus appointed by the President of the Senate; and
- one member representing the Department of Commerce appointed by the Governor.

The legislative members of the Task Force must select co-chairs from among the membership, one from the House of Representatives and one from the Senate.

The Task Force is required to develop recommendations that achieve certain objectives as follows:

- identify the maritime and manufacturing sectors of economic significance to the state;
- identify and assess the critical public infrastructure that supports and sustains the maritime and manufacturing sectors;
- identify the barriers to maintaining and expanding the maritime and manufacturing sectors;
- identify and assess the educational resources and support services available to local governments with respect to supporting and sustaining the development of maritime and manufacturing sectors;
- promote regulatory consistency and certainty in the areas of urban planning, land use permitting, and business development in a manner that encourages maritime and manufacturing industries in urban areas;
- encourage cooperation between the public and private sectors to foster economic growth;
- identify aspects of state policy that have an impact on fostering resilience and growth in maritime manufacturing sectors, such as storm water policy and other food fish related issues; and
- maximize the opportunities for employment in the maritime industry and other manufacturing sectors in Washington.

The recommendations must include short-term and long-term action plans for the Legislature to support and sustain the maritime industry and other manufacturing sectors in Washington. The recommendations of the Task Force may also include specific legislative approaches. In

developing recommendations, the Task Force must consult with local governments, state agencies, and private sector interests as appropriate, including, but not limited to, the Department of Commerce, Department of Transportation, Office of Regulatory Assistance, Workforce Training and Education Coordinating Board, associate development organizations, local industrial councils, local labor trades councils, and chambers of commerce.

The Task Force must submit a work plan by December 1, 2014, and final findings and recommendations by November 1, 2015, to the Governor and the appropriate committees of the Legislature.

Substitute Bill Compared to Original Bill:

Puget Sound lowland and coastal areas are added to the list of areas that must be included in the State Geologist's update of the Catalog.

The Joint Legislative Task Force on the Economic Resilience of Manufacturing in Washington is renamed to the Joint Legislative Task Force on the Economic Resilience of Maritime and Manufacturing in Washington.

The number of Task Force members is decreased by removing the following nonvoting members: two representatives of local government interests; four representatives of private manufacturing interests; the Department of Transportation representative; and the Office Regulatory Assistance representative. The Department of Commerce representative is made a voting member of the Task Force. The Legislative Task Force members must appoint co-chairs from among the membership, one from the House of Representatives and one from the Senate.

The Workforce Training and Education Coordinating Board and local labor trades councils are added to the list of entities that the Task Force must consult with in developing recommendations.

The objectives of the Task Force are modified by requiring the Task Force to focus on identifying, assessing, and supporting the maritime sector in addition to manufacturing sectors. The requirement that the Task Force must identify necessary changes to state policy is removed. The Task Force is required to identify aspects of state policy that have an impact on fostering resilience and growth in the maritime and manufacturing sectors, including storm water policy and other food fish related issues.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 4, 2014.

Effective Date of Substitute 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) Sector-based strategies are an important aspect of economic and workforce development. The maritime industry is an important and often unrecognized aspect of the state's economy. The maritime industry contributed over \$30 billion to the state's economy in 2012 and the average wage of maritime is over \$70,000 a year. There is an urgent need to foster a business and regulatory climate that supports and sustains businesses in the maritime industry. There is no guarantee that the maritime and manufacturing industries will continue to grow and create jobs in Washington, as these industries are mobile and competitive. As such, the Task Force is crucial to developing an understanding of what needs to be done to foster growth in maritime and manufacturing. Stakeholders agree that the state should focus on maintaining critical infrastructure, supporting and expanding workforce opportunities, and promoting regulatory consistency and certainty.

The bill focuses on manufacturing sectors in addition to maritime. The manufacturing industries account for over \$141 billion in reported gross business revenues.

The State Geologist's update of the seismic scenario catalog is instrumental for long-term planning and mitigation. The state's manufacturing/industrial centers are at risk for damage from earthquakes and tsunamis. The update will provide more credible scientific information that can be used to plan for disasters. Washington is ranked second in the nation for highest earthquake risk. The total economic impact of a significant earthquake could exceed \$50 billion, and there is at least an 18 percent likelihood of a damaging earthquake in the next 50 years. If an earthquake occurs, the manufacturing/industrial centers could be incapacitated for long periods of time. The update will help the state start recovering from our next earthquake today.

The bill should be amended to provide more focus on the maritime industry, increase the number of Task Force members, and add storm water and food fish related issues as state policies to be reviewed. The bill also should be amended to include the Workforce Training and Education Coordinating Board as a nonvoting member of the Task Force.

(Opposed) None.

Persons Testifying: Representative Tarleton, prime sponsor; John Kane, Kane Environmental; Berit Erickson, Sailor's Union of the Pacific; Jordan Roygr, Pacific Merchant Shipping Association; Dave Gering, Manufacturing Industrial Council of Seattle; Steve Sewell, Washington State Department of Commerce; Carolyn McKinnon, Washington Workforce Training and Education Coordinating Board; Michael Grayum, Puget Sound Partnership; and Dave Norman, Department Natural Resources.

Persons Signed In To Testify But Not Testifying: Eric Johnson, Washington Public Ports Association; Sean Eagan, Port of Tacoma; Matt Morrison, Pacific Northwest Economic Region; Clare Gallagher, Port of Seattle; and Patty Lent, City of Bremerton.