

# HOUSE BILL REPORT

## E2SHB 2580

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### As Amended by the Senate

**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:** House Committee on Appropriations Subcommittee on General Government & Information Technology (originally sponsored by 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];  
Appropriations Subcommittee on General Government & Information Technology:  
2/6/14 [DP2S(w/o sub TED)].

##### **Floor Activity:**

Passed House: 2/13/14, 93-4.  
Senate Amended.  
Passed Senate: 3/4/14, 49-0.

#### **Brief Summary of Engrossed Second Substitute Bill**

- Creates the Joint Legislative Task Force on the Economic Resilience of Maritime and Manufacturing in Washington.

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### 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).

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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.*

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## HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Technology & Economic Development. Signed by 5 members: Representatives Hudgins, Chair; Dunshee, S. Hunt, Jinkins and Springer.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Parker, Ranking Minority Member; Buys, Christian and Taylor.

**Staff:** Dan Jones (786-7118).

### **Background:**

#### Department of Commerce.

The Washington Department of Commerce (Department) is an executive branch agency responsible for enhancing and promoting sustainable community and economic vitality in Washington. The Department's work is organized around eight main priorities, including competitiveness, education and workforce training, efficient and effective regulation, infrastructure investment, community capacity, rural focus, sector focus, and small business. The Department administers numerous programs and several boards and commissions that are focused on growing and improving jobs in the state.

#### Maritime Industry.

Washington State is the home of a robust maritime industry. The industry includes several core sectors, including, for example, passenger water transportation, ship and boat building, maintenance and repair, maritime logistics and shipping, fishing and seafood processing, and military and federal operations.

### **Summary of Engrossed Second Substitute Bill:**

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;
- explore public-private sector collaborations that draw on Washington State University research centers and institutes with expertise on maritime interoperability and critical infrastructure resilience;
- 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.

**EFFECT OF SENATE AMENDMENT(S):**

The Task Force co-chairs are required to appoint an advisory committee consisting of maritime and manufacturing business, labor, and other representatives to provide technical information and assistance. The advisory committee membership must include representatives of maritime terminal operators, manufacturing, maritime business, local industrial councils, local labor trades councils, and chambers of commerce.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony (Technology & Economic Development):**

(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.

**Staff Summary of Public Testimony (Appropriations Subcommittee on General Government & Information Technology):**

(In support) None.

(Opposed) None.

**Persons Testifying (Technology & Economic Development):** 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 Testifying** (Appropriations Subcommittee on General Government & Information Technology): None.

**Persons Signed In To Testify But Not Testifying** (Technology & Economic Development): 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.

**Persons Signed In To Testify But Not Testifying** (Appropriations Subcommittee on General Government & Information Technology): None.