

HOUSE BILL REPORT

2SSB 6236

As Reported by House Committee On:
Technology & Economic Development
Appropriations

Title: An act relating to establishing the Washington state economic growth commission.

Brief Description: Establishing the Washington state economic growth commission.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Chase, Hasegawa and Palumbo).

Brief History:

Committee Activity:

Technology & Economic Development: 2/22/18 [DPA];
Appropriations: 2/26/18 [DPA(APP w/o TED)].

**Brief Summary of Second Substitute Bill
(As Amended by Committee)**

- Establishes the Washington State Economic Growth Commission to develop a state economic growth strategy and devise a plan for establishing a Manufacturing Innovation Institute.
- Repeals the Joint Legislative Oversight Committee on Trade Policy.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 9 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Doglio, Hudgins, Manweller, Santos, Slatter and Wylie.

Minority Report: Do not pass. Signed by 2 members: Representatives Steele and Young.

Minority Report: Without recommendation. Signed by 2 members: Representatives Fey and Harmsworth.

Staff: Kirsten Lee (786-7133).

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.

Background:

There are national economic development focused programs, including the National Network for Manufacturing Innovation and the Manufacturing Extension Partnership Program (MEP), that support the manufacturing industry. These national programs have regional or state associates that provide a range of support to manufacturing businesses, including financial, technological, and educational assistance. The state has a MEP associate and, until 2014, the state had a commission dedicated to the creation and implementation of economic development strategies and policies of the state.

State Economic Development Commission.

From 2002 until 2014 the Washington Economic Development Commission (EDC), created by Governor Locke through executive order, provided strategic and programmatic guidance to the Department of Community, Trade, and Economic Development, which is now the Department of Commerce (Department). The EDC's membership included representatives from the business and labor industries, providing a means for the private industry to participate in the development of the state's trade and economic development policies. The EDC's duties included reviewing and periodically updating the state's economic development strategy; providing policy, strategic, and programmatic direction to the Department; identifying policies and programs to assist Washington's small businesses; assisting the Department with procurement and deployment of private funds for economic development efforts; meeting with the chairs and ranking members of the legislative committees from the House of Representatives and Senate; and producing a biennial report to the legislative committees and on the EDC's review of the state's economic development policy.

Manufacturing Innovation Institute.

The Manufacturing USA Network or National Network for Manufacturing Innovation was initiated by way of pilot program in 2011 and is run within the United States Department of Commerce's National Institute of Standards and Technology (NIST). The program is operated by the Advanced Manufacturing National Program Office, located within the NIST and staffed by representatives from manufacturing-related federal agencies, businesses, and universities.

The Manufacturing USA Network is a network of public-private manufacturing institutes, currently 14 institutes located in 10 states, established to address the challenges in advanced manufacturing and to assist manufacturers in retaining or expanding production and jobs in the United States. These institutes have been deemed to have the potential to improve competitiveness of the manufacturing industry, accelerate nonfederal investment in advanced manufacturing production capacity, and enable commercial application of new technologies or industry-wide manufacturing processes. The activities of the institutes include education, training, and recruitment courses; research, development, and demonstration projects; development of innovative methodologies and practices for supply chain integration and introduction of new technologies into supply chains; and outreach and engagement with small and medium-sized manufacturing enterprises. Each institute specializes in a specific manufacturing technology.

Manufacturing Extension Partnership.

The federal MEP of the NIST was established in 1988 to enhance the productivity and technological performance of national manufacturing and is incorporated into the Manufacturing USA Network planning to ensure the results from the program reach small and medium-sized businesses. The MEP is a public-private partnership and consists of a nationwide network of state affiliates, including state and local governments and businesses, that work with small to mid-size manufacturers to grow their businesses.

Impact Washington, a nonprofit organization, is the state's MEP affiliate. Impact Washington provides a variety of consulting services to small to mid-sized manufacturing businesses in the state related to improving productivity, efficiency, and competitiveness.

Summary of Amended Bill:

The Washington State Economic Growth Commission (Commission) is established, subject to the availability of appropriations. The purposes of the Commission are to develop a state economic growth strategy related to accelerating technology innovation to increase the number of high-paying jobs in the state's economy, and establish the feasibility and devise a plan for establishing a manufacturing innovation institute.

The Commission consists of sixteen voting members appointed by the Governor, including the chair of the Commission:

- one representative from the Department of Commerce;
- four representatives from academia;
- three representatives from private industry or trade associations;
- three representatives from a labor organization;
- one senior economist with expertise in manufacturing and technology;
- one representative from Impact Washington;
- two representatives from the Workforce Training and Education Coordinating Board;
- and
- one representative from the State Board for Community and Technical Colleges.

The Commission is authorized to adopt rules for its own governance, hire staff, establish committees within the Commission, and meet no more than six times per year. The Department must provide the Commission with administrative support.

The Department is authorized to contract with a statewide nonprofit organization to develop a state economic growth strategy and establish the feasibility of and devise a plan for establishing a Manufacturing Innovation Institute.

Amended Bill Compared to Second Substitute Bill:

The amended bill: (1) requires the Department to provide administrative support for the Commission; and (2) allows the Department to contract with a statewide nonprofit

organization for the purposes of the act, instead of only the state's manufacturing extension partnership.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 23, 2018.

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 state is experiencing great changes in its economy and in its workforce. The growth in the state's economy has decreased from 5 percent to 2 percent. Washington is part of a global economy, in a market without borders. The impact of the global economy will be to automate the production line, which will result in the extreme dislocation of the work force. It is important that we look at the impact of the global economy on our people. The United States Department of Commerce has the NIST, which houses the Manufacturing USA program, a network of manufacturing institutes across the country. The Northwest does not have a manufacturing institute. If the Legislature can put this Commission together, the state will have the ability to apply for federal research funds. Oftentimes the awards for grants are in the hundreds of millions of dollars.

(Opposed) None.

Persons Testifying: Senator Chase, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Appropriations and without amendment by Committee on Technology & Economic Development. Signed by 20 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Bergquist, Cody, Fitzgibbon, Hansen, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 12 members: Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys, Caldier, Condotta, Graves, Haler, Taylor, Vick, Volz and Wilcox.

Minority Report: Without recommendation. Signed by 1 member: Representative Harris.

Staff: Meghan Morris (786-7119).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Technology & Economic Development:

The Joint Legislative Oversight Committee on Trade Policy is repealed. The effective date for the act is changed to July 1, 2018.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on July 1, 2018.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.