CERTIFICATION OF ENROLLMENT

**SECOND SUBSTITUTE SENATE BILL 5269**

Chapter 322, Laws of 2023

(partial veto)

68th Legislature

2023 Regular Session

MANUFACTURING—INDEPENDENT ASSESSMENT AND INDUSTRIAL STRATEGY

EFFECTIVE DATE: July 23, 2023

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| Passed by the Senate April 14, 2023Yeas 28 Nays 14DENNY HECK**President of the Senate**Passed by the House April 6, 2023Yeas 95 Nays 2LAURIE JINKINS**Speaker of the House of Representatives** | CERTIFICATEI, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5269** as passed by the Senate and the House of Representatives on the dates hereon set forth.SARAH BANNISTERSecretary |
| Approved May 4, 2023 4:02 PM with the exception of section 1, which is vetoed. | May 5, 2023 |
| JAY INSLEE**Governor of the State of Washington** | **Secretary of State** **State of Washington** |

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**SECOND SUBSTITUTE SENATE BILL 5269**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Shewmake, Keiser, Nguyen, Randall, Valdez, and Wellman)

AN ACT Relating to transforming and growing Washington state manufacturing; adding a new section to chapter 43.330 RCW; and creating new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds and declares that:

(1) In 2021, Washington state set an aspirational goal in statute to double manufacturing jobs, firms, and the participation of women and minorities in the ownership of manufacturing firms. To create and maintain unity around the state manufacturing growth target, chapter 64, Laws of 2021 sought to foster a partnership between business and labor. It established a manufacturing council with membership that was intentionally balanced equally between business and labor and represented the geographic and demographic diversity of the state. The manufacturing council was tasked with advising the department of commerce on policy recommendations to strengthen the manufacturing sector by 2030 and submitting reports to the legislature every two years containing those recommendations.

(2) The legislature intends for an independent assessment of growth opportunities in clean manufacturing to be considered by the manufacturing council. Furthermore, the legislature intends that a state industrial strategy that incorporates any input from the independent assessment not be published in any form or considered the state strategy until there is consensus of the manufacturing council on the recommendations and policies to be included in that strategy.

(3) Washington state, with its strong climate commitments, highly skilled workforce, and existing world-class manufacturing base is well positioned to be a global leader in clean manufacturing.

(4) A strong state and domestic manufacturing sector can provide stable, high-wage jobs and is a prerequisite to achieving Washington state's statutory commitment to net zero greenhouse gas emissions by 2050.

(5) All Washingtonians deserve the opportunity of a high-road manufacturing career. In building the Washington manufacturing workforce pipeline, the state should fully leverage the transferable skills of our existing manufacturing workforce and develop a comprehensive, in-state pipeline with wraparound services and equitable opportunities to ensure that every Washingtonian has a fair shake at a manufacturing career and intergenerational well-being and career growth opportunities.

(6) A holistic and coordinated state industrial strategy that seeks simultaneously to transform and revitalize Washington state's manufacturing base is vital to prevent the leakage of jobs and carbon pollution.

(7) Washington has demonstrated a deep commitment to growing manufacturing. In 2021, the legislature set a goal of doubling the state's manufacturing base over 10 years. In 2022, the legislature created tax incentives and updated siting and permitting practices to accelerate the in-state production of clean energy product manufacturing. Developing a statewide industrial strategy is an important complement to accelerate progress and maximize the benefit of new tax incentives and siting and permitting practices.

(8) The bipartisan infrastructure act and inflation reduction act present a once in a generation opportunity to rapidly transform and grow Washington's manufacturing base in a way that advances the state's climate goals. The state has an important role to play in ensuring that Washington fully leverages federal funding opportunities and that the benefits are shared equitably.

(9) Washington must take steps to ensure that the transformation and growth of the state's manufacturing base simultaneously addresses and does not contribute to the disproportionate burden of pollution on overburdened communities.

NEW SECTION. **Sec.**  (1) The department of commerce must perform an independent assessment of opportunities for Washington to capture new and emerging industries that align with statewide greenhouse gas reduction limits and strengthen its existing manufacturing base. By October 1, 2024, and in compliance with RCW 43.01.036, the department of commerce shall submit the independent assessment to the appropriate committees of the legislature, and shall submit the assessment to the state manufacturing council established in RCW 43.330.762.

(2) By June 1, 2025, the department of commerce must develop a proactive state industrial strategy that seeks to strengthen and transform Washington's existing manufacturing base and capture new and emerging industries. The strategy should be informed by the independent assessment required by subsection (1) of this section. The manufacturing council convened pursuant to RCW 43.330.762 shall advise and consult on the development of the strategy.

(3) The independent assessment must include, but is not limited to:

(a) Assessing how the transition to net-zero emissions by 2050 will impact the potential futures of manufacturing in Washington, including identifying specific opportunities for Washington to actively seek investment in new and emerging industries and to transform and strengthen the state's existing manufacturing base to meet the needs of a net-zero economy, taking into account the Washington's existing key sectors, job quality, and regional diversity;

(b) Assessing the needs of Washington's existing manufacturers, including supply chain challenges and resources required to meet the statutory greenhouse gas emissions reductions in RCW 70A.45.020;

(c) Identifying opportunities to build and maximize the environmental and economic benefits of a circular economy for both new and existing industries in building out and strengthening Washington's manufacturing base;

(d) Identifying what is required to attract new private investment and transform and strengthen Washington's existing manufacturing base, including needs related to:

(i) Transportation and port infrastructure;

(ii) Supply chains;

(iii) Workforce; and

(iv) Energy;

(e) Identifying opportunities to support minority and women-owned firms and small and medium-sized firms in capturing new and emerging industries;

(f) Identifying existing and potential future gaps in the state's manufacturing sector that inhibit in-state manufacturers from producing the necessary goods, services, and infrastructure to transition to the net-zero economy and attract new investment in the state to accelerate the in-state production of clean energy product manufacturing; and

(g) Evaluating opportunities for the state's use of public ownership investment in developed and emerging manufacturing industries to address the existing and potential future gaps identified in (f) of this subsection. This evaluation shall provide recommendations on the highest and best uses of public resources as part of the state industrial strategy as provided in subsection (2) of this section.

(4) The workforce assessment referenced in subsection (3)(d)(iii) of this section should: (a) Catalogue and examine how to maximize the use of the existing manufacturing workforce's transferable skills; (b) address any remaining skills gaps and identify opportunities to build a manufacturing workforce pipeline that ensures all current and future Washingtonians have fair access to a manufacturing career by sector; and (c) ensure equitable and accessible pathways and advancement opportunities in manufacturing by sector.

(5) The energy assessment referenced in subsection (3)(d)(iv) of this section should include the quantity, price, and location of electricity necessary to decarbonize and grow Washington's existing manufacturing base and capture new and emerging industries.

(6) The independent assessment will not replace but may inform the work of the manufacturing council created in RCW 43.330.762 to advise and consult on the department of commerce's recommendations to achieve the goals established in RCW 43.330.760.

NEW SECTION. **Sec.**  (1) The department of commerce must appoint an industrial policy advisor to ensure that Washington state fully leverages available federal funding for manufacturing to meet the state's economic development goals in RCW 43.330.760 and the statutory greenhouse gas emissions reductions in RCW 70A.45.020 and guide the implementation of the state industrial strategy created pursuant to section 2 of this act.

(2) The industrial policy advisor must:

(a) Track federal and other funding opportunities to transform and strengthen existing Washington manufacturers and promote the growth of new and emerging industries;

(b) Alert Washington manufacturers to relevant federal and other funding opportunities;

(c) Support Washington manufacturers in applying for federal and other funding opportunities and in completing required reporting;

(d) Work to ensure that Washington's pursuit of its goals in RCW 43.330.760 and 70A.45.020 are aligned and mutually reinforcing;

(e) Foster interagency and coordination and collaboration, including with the department of commerce sector leads, on manufacturing-related policymaking and activities, including both climate and economic development manufacturing-related policymaking;

(f) Coordinate with the workforce innovation sector lead, particularly with respect to building the manufacturing workforce pipeline; and

(g) Provide quarterly reports to the manufacturing council created in RCW 43.330.762.

(3) The industry policy advisor may also:

(a) Form expert committees with industry representatives to develop sector-specific strategies for attracting new investment and transforming and strengthening existing manufacturing consistent with the industrial strategy created pursuant to section 2 of this act;

(b) Assist local governments with economic plans to attract new investment and transform and strengthen existing manufacturing consistent with the industrial strategy created pursuant to section 2 of this act; and

(c) Support communities negatively impacted by the closure or relocation of manufacturing facilities by supporting efforts to attract new investment consistent with the industrial strategy created pursuant to section 2 of this act and facilitate the movement of existing skilled manufacturing workers into new industrial sectors.

NEW SECTION. **Sec.**  This act may be known and cited as the Washington clean manufacturing leadership act.

NEW SECTION. **Sec.**  Section 2 of this act is added to chapter 43.330 RCW and codified with the subchapter heading of "MANUFACTURING AND RESEARCH AND DEVELOPMENT SECTOR PROMOTION."

**--- END ---**

Passed by the Senate April 14, 2023.

Passed by the House April 6, 2023.

Approved by the Governor May 4, 2023, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State May 5, 2023.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 1, Second Substitute Senate Bill No. 5269 entitled:

"AN ACT Relating to transforming and growing Washington state manufacturing."

I am vetoing Section 1, the intent section, because it includes language that conflicts with the direction to Department of Commerce in the body of the bill about engaging the manufacturing council in the development of the state's industrial policy.

For these reasons I have vetoed Section 1 of Second Substitute Senate Bill No. 5269.

With the exception of Section 1, Second Substitute Senate Bill No. 5269 is approved."