

SENATE BILL REPORT

SB 5269

As Reported by Senate Committee On:
Business, Financial Services, Gaming & Trade, February 2, 2023
Ways & Means, February 23, 2023

Title: An act relating to transforming and growing Washington state manufacturing.

Brief Description: Concerning Washington state manufacturing.

Sponsors: Senators Shewmake, Keiser, Nguyen, Randall, Valdez and Wellman.

Brief History:

Committee Activity: Business, Financial Services, Gaming & Trade: 1/19/23, 2/02/23 [DPS-WM, w/oRec].
Ways & Means: 2/20/23, 2/23/23 [DP2S, DNP, w/oRec].

Brief Summary of Second Substitute Bill

- Directs the Department of (Commerce) to oversee an independent assessment of opportunities to capture new and emerging industries, and strengthen its existing manufacturing base and develop a proactive state industrial strategy.
- Directs Commerce to appoint an industrial policy advisor.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Majority Report: That Substitute Senate Bill No. 5269 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Stanford, Chair; Frame, Vice Chair; Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

Minority Report: That it be referred without recommendation.

Signed by Senator Dozier, Ranking Member.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Clint McCarthy

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5269 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Billig, Conway, Dhingra, Hasegawa, Hunt, Keiser, Nguyen, Pedersen, Saldaña, Van De Wege and Wellman.

Minority Report: Do not pass.

Signed by Senators Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Boehnke, Muzzall and Torres.

Minority Report: That it be referred without recommendation.

Signed by Senators Rivers, Assistant Ranking Member, Capital; Braun and Wagoner.

Staff: Trevor Press (786-7446)

Background: Department of Commerce. The Department of Commerce (Commerce) is the lead state agency tasked with enhancing and promoting community and economic vitality in Washington. As the agency responsible for growing the Washington State economy, it supports sector leads in areas such as aerospace, agriculture and food manufacturing, clean technology, information and communication technology, the creative economy, forest products, life sciences and biotechnology, maritime, and the military. Sector leads work closely with the Governor, industry heads, and government leaders to develop strategies to support business growth statewide.

The Washington BEST Manufacturing Act. In 2021, the Legislature passed The Washington BEST Manufacturing Act (act), which directed Commerce to develop a biennial report on the state of the manufacturing and research and development industry and workforce. The report must identify progress or challenges the state has encountered in achieving the goal and identify recommendations. Commerce must convene a Manufacturing Council to advise and consult on the development of the biennial report and recommendations. The act also established a Workforce Innovation Sector Lead within Commerce.

Summary of Bill (Second Substitute): The Washington Clean Manufacturing Leadership Act is created and directs Commerce to oversee an independent assessment of opportunities to capture new and emerging industries, and strengthen its existing manufacturing base. The independent assessment commissioned by Commerce must be shared with relevant stakeholders, the appropriate committees of the Legislature, and the public by October 1, 2024. Commerce must use the independent assessment to develop the state industrial

strategy by June 1, 2025.

The independent assessment has a variety of requirements that include, but are not limited to:

- an assessment of how the transition to net zero emissions by 2050 will impact manufacturing in Washington;
- an assessment of the needs of the state's existing manufacturers;
- the identification of opportunities to build and maximize environmental and economic benefits of a circular economy in new and existing industries;
- the identification of requirements to attract new investment;
- the identification of opportunities to support minority and women-owned firms, and small and medium-sized firms in capturing new and emerging industries;
- the identification of existing and potential future gaps in the state's manufacturing sector that inhibit in-state manufacturers from creating the infrastructure and goods to transition existing manufacturers and attract new manufacturers to the net-zero economy; and
- an evaluation to provide recommendations on the best use of public investment.

The assessment will not replace but may inform the manufacturing council, which advises and consults with Commerce.

Commerce is directed to appoint an industrial policy advisor to ensure that Washington fully leverages available federal funding for manufacturing to meet the state's economic development goals.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Directed the Department of Commerce to provide the independent assessment to the appropriate committees of the Legislature by October 1, 2024.
- Provided clarity between private and public investments.
- Added an additional requirement for the independent assessment to identify existing and potential gaps that inhibit in-state manufacturers from creating the infrastructure and goods to transition existing manufacturers and attract new manufacturers to the net-zero economy.
- Added an evaluation to the assessment to provide recommendations on the best use of public investment as part of the state industrial strategy that is due June 1, 2025.

EFFECT OF CHANGES MADE BY BUSINESS, FINANCIAL SERVICES, GAMING & TRADE COMMITTEE (First Substitute):

- Clarified the timeline of the bill to include the following deadlines:
 1. The independent assessment commissioned by Commerce must be shared with relevant stakeholders and the public by October 1, 2024.

2. Commerce must have the state industrial strategy completed by June 1, 2025.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill (Business, Financial Services, Gaming & Trade): *The committee recommended a different version of the bill than what was heard.* PRO: Manufacturing jobs provide pathways into the middle class for jobs. Many manufacturers have moved out of state and out of the country in search of more profits. The study in this bill will help us understand how the transition to zero emissions will impact the sector. Passing this bill will bring jobs back to Washington. We've worked hard to move away from fossil fuels to put us on clean energy. The emissions target for 2050 is exciting. We really need to work to make sure we are manufacturing things as cleanly as we can and that we are making things close to home.

OTHER: This bill is not in the Department of Commerce's budget. However, it does complement a lot of the work we do. It complements the BEST committee that was established two years ago. The new position would help us identify more federal funds opportunities for the manufacturing sector.

Persons Testifying (Business, Financial Services, Gaming & Trade): PRO: Brenda Wiest, Teamsters 117; Robin Everett, Sierra Club; Jessica Koski, BlueGreen Alliance; Gaylan Prescott, United Steelworkers Union, District 12.

OTHER: Stephanie Celt, Washington Department of Commerce.

Persons Signed In To Testify But Not Testifying (Business, Financial Services, Gaming & Trade): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* None.

Persons Testifying (Ways & Means): No one.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.