

HOUSE BILL REPORT

HB 2420

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to the promotion of the industries that rely on the state's working land base.

Brief Description: Promoting industries that rely on the state's working land base.

Sponsors: Representatives Kenney, Orcutt, Van De Wege, Conway, Kessler, Blake, Hope, Herrera, Lias, Sullivan, Campbell, Schmick, Quall, Dammeier, Chase, Takko, Morrell and Smith.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 1/13/10, 1/20/10 [DPS].

Brief Summary of Substitute Bill

- Requires the Department of Commerce and other agencies to consider the "forest products industry" to be a green industry and to interpret the term to include, at a minimum, businesses that grow, manage, harvest, transport and process forest, wood and paper products.
- Expands the meaning of "clean energy" related to industry sectors represented on pilot green industry skills panels to include energy from wood biomass, liquid biofuels, or bio-based products.
- Requires all state agency environmental or economic studies that result in written reports or formal publications, with certain exceptions, to consider the forest products industry to be a green industry, and if not, to provide a rationale for its exclusion.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Lias, Orcutt, Parker, Probst and Sullivan.

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.

Staff: Meg Van Schoorl (786-7105).

Background:

2008 Green Economy Jobs Growth Initiative.

The 2008 Green Economy Jobs Growth Initiative (2008 Initiative) was one component of E2SHB 2815 which outlined a framework for reducing greenhouse gas emissions in the Washington economy. The 2008 Initiative established a goal of increasing the number of clean energy jobs in the state to 25,000 by 2020 and directed specific actions related to the green economy by a number of state agencies including the Department of Commerce (Department), formerly called the Department of Community, Trade and Economic Development (DCTED), the Employment Security Department (ESD), the University of Washington Business and Economic Development Center (UW BEDC), the Workforce Training and Education Coordinating Board (WTB), and the State Board for Community and Technical Colleges (SBCTC). The 2008 Initiative established a Green Industries Job Training Account in the State Treasury for green economy competitive grants to train workers for high-wage occupations in high-demand industries and for educational purposes. The 2008 Initiative identified six categories of targeted workers: entry-level or incumbent workers preparing for high-wage occupations; dislocated workers in declining industries; dislocated agriculture, timber or energy workers in declining industries; eligible veterans or National Guard members; disadvantaged populations; and anyone eligible to participate in the Opportunity Grant Program.

2009 The Evergreen Jobs Initiative.

Engrossed Second Substitute House Bill 2227, enacted in 2009, established the Evergreen Jobs Initiative (2009 Initiative). Its goals were to: (1) create 15,000 new green economy jobs by 2020; (2) target 30 percent of these jobs to veterans, National Guard members, and low-income and disadvantaged populations; (3) secure and deploy federal funds, particularly American Recovery and Reinvestment Act funds, in an efficient, coordinated way to support green economy projects at the state and local levels; (4) prepare the workforce to take advantage of green economy job opportunities and meet the needs of industry and small business; (5) attract private sector investment to create and expand jobs, and increase the state's competitiveness; (6) make the state a net exporter of green industry products and services, especially renewable energy technology and components; (7) empower green job recruitment and training by local organizations; (8) capitalize on existing partnership agreements; and (9) operate according to 14 guiding principles included in a 2009 report by the DCTED. The 2009 Initiative directed specific actions by agencies including the Apprenticeship and Training Council, the DCTED, the Office of the Superintendent of Public Instruction (the OSPI), the SBCTC, the ESD, and the WTB. An Evergreen Jobs Training Account was created to be used for competitive grants for curriculum development, transitional jobs strategies for dislocated workers in declining industries, targeted workforce education, outreach, and other uses.

2009 Reports by the DCTED and the ESD.

In a January 2009 draft paper, "Washington State's Green Economy – A Strategic Framework" the DCTED listed as green economy industries: clean energy (efficiency, renewable, alternative); green building; green transportation; and environmental protection and remediation (waste management, water conservation). The report noted: "Although we have not classified the entire forestry and agriculture sectors as green, many activities in those sectors do qualify as green practices. If the green economy is 'the development and use of products and services that promote environmental protection and/or energy security,' then forestry and agriculture – as a whole – fall outside of this definition. However organic farming and sustainable forest management are clearly contributors to pollution prevention, and conservation practices and recycled biomass in forestry and agriculture are certainly within the green realm. We have chosen to capture those activities in the other green-economy industry groupings, such as renewable energy, water conservation, waste management, etc."

As directed by the 2008 Initiative, the ESD conducted research into the current labor market and projected job growth for the green economy. The ESD used the same DCTED definition of the green economy but described the core green industries and businesses as "engaged in energy efficiency, renewable energy, preventing and reducing pollution, and mitigating or cleaning up pollution." The results of its survey of private sector employers were presented in a January 2009 report, "Washington State Green Economy Jobs," and showed an estimated 47,000 in total direct, private sector green economy employment. Green jobs were reported in 27 industry classifications, including four related to the forest products industry: agriculture and forestry support activities, forestry and logging, wood products manufacturing, and paper manufacturing.

Summary of Substitute Bill:

The Legislature finds it is in the state's best interest to support and enhance the economic and environmental roles of the \$17 billion forest products industry. The state's forest practices are sustainably managed, the forests create environmental benefits, working forests help generate wealth through the retention and creation of green jobs, and the industry provides 45,000 direct jobs.

The ESD is required to analyze forest products industry occupations to determine key growth factors, employment projections and education and skill standards required for green occupations. The term "forest products industry" must be interpreted to include, at a minimum, businesses that grow, manage, harvest, transport and process forest, wood and paper products.

The Department and the WTB, in consultation with the leadership team, must identify barriers to the growth of green jobs in traditional industries.

With respect to pilot green industry skills panels, the term "clean energy" includes energy from wood biomass, liquid biofuels, or bio-based products.

Substitute Bill Compared to Original Bill:

Removes the description of the forest product industry's 45,000 direct jobs as "green." Adds a finding that working forests help generate wealth through retention of green jobs. Removes the finding and requirement that the Department and others consider the forest products industry to be a green industry, and that the term be interpreted to include businesses that grow, manage, harvest, transport and process forest, wood and paper products. Requires the ESD to analyze forest products industry occupations. For purposes of the analysis, "forest products industry" must be interpreted to include, at a minimum, businesses that grow, manage, harvest, transport and process forest, wood, and paper products. Requires the Department and the WTB, in consultation with the leadership team, to identify barriers to the growth of green jobs in traditional industries. Removes the requirement that the industry be considered a green industry in state agency environmental or economic analyses that result in publications or reports.

Appropriation: None.

Fiscal Note: Available.

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) Terms such as "innovation," "high technology," and "green jobs" apply not only to the most futuristic of our state's products and services, but also to industries such as forest products that have traditionally been the backbone of our state's economy. The forest products industry wants recognition for its green jobs and its importance as a manufacturing sector. Forest products should be considered the original green industry because of its lead roles in: carbon sequestration; recycling practices; use of all the components of a tree; use of byproducts as an alternative fuel source; and green building construction. Forest products are second only to hydropower in terms of a renewable resource. We have lost 70,000 pulp and paper jobs since the late 1990s. We are concerned that, by fiat in this bill, the entire forest products industry must be considered to have 100 percent green jobs. In the ESD survey, which has been touted as a national model for credible labor market analysis, no industries were considered to be 100 percent green, even renewable energy industries such as solar and wind. Even so, the survey did include forestry support activities as having the fourth highest number of green jobs. Rather than require a re-do of the prior surveys, which is nearly impossible in this economic climate, it would be more productive to direct the ESD to analyze occupations in the industry to determine key growth factors, employment projections, and the education and skills needed for green occupations within it.

(Opposed) None.

Persons Testifying: Dan McConnon, Department of Commerce; Sean O'Sullivan, Association of Western Pulp and Paper Workers; Miguel Perez Gibson; Bill Stauffacher,

Northwest Pulp and Paper Association and American Forest and Paper Association; and
Debora Munguia, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: None.