
SUBSTITUTE SENATE BILL 6678

State of Washington 61st Legislature 2010 Regular Session

By Senate Economic Development, Trade & Innovation (originally sponsored by Senators Hobbs, Kilmer, Marr, Berkey, Tom, and Shin)

READ FIRST TIME 02/03/10.

1 AN ACT Relating to the creation of entities to address the long-
2 range impact of opportunities and changes in the aerospace industry;
3 amending RCW 43.79A.040; adding a new section to chapter 43.42 RCW;
4 adding a new section to chapter 82.08 RCW; adding a new section to
5 chapter 82.12 RCW; adding a new chapter to Title 43 RCW; adding a new
6 chapter to Title 28B RCW; and making an appropriation.

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

8 **PART I**
9 **AEROSPACE TRAINING AND RESEARCH COORDINATION**

10 NEW SECTION. **Sec. 101.** The aerospace industry is critically
11 important to the economic vitality of Washington. The aerospace
12 industry accounts for over thirty-six billion dollars in economic value
13 to Washington. A highly skilled and educated workforce is a key
14 ingredient to the continued vitality and growth of the technology-
15 driven aerospace industry throughout the state.

16 NEW SECTION. **Sec. 102.** The definitions in this section apply
17 throughout this chapter unless the context clearly requires otherwise.

1 (1) "Aerospace company" means an entity that is primarily engaged
2 in the research, design, manufacture, assembly, or sale of completed
3 products for use in commercial or governmental aviation and avionics.

4 (2) "Board" means the board of advisors of the Washington aerospace
5 training and research coordination institute.

6 (3) "Executive director" means the executive director of the
7 institute.

8 (4) "Institute" means the Washington state aerospace training and
9 coordination institute.

10 (5) "Skill centers" has the same meaning as provided in RCW
11 28A.245.010.

12 NEW SECTION. **Sec. 103.** (1) The Washington state aerospace
13 training and coordination institute is created. The goal and purpose
14 of the institute is to enhance the vitality of the aerospace industry
15 through improving the state's aerospace training, education, research,
16 and development programs by coordinating, providing, and developing
17 curricula for a statewide consortium of schools and programs that
18 provide aerospace workforce education and training.

19 (2) The institute must concentrate its efforts on providing the
20 highest quality training and education programs, fostering the creation
21 and retention of family wage jobs, integrating cutting edge research
22 and development into the training and education of a skilled workforce,
23 and facilitating growth and innovation in the aerospace industry.

24 (3) The institute must emphasize public-private partnership and
25 provide a forum for effective interaction, collaboration, and
26 partnerships between and among the state's aerospace industry, labor,
27 institutions of higher education, workforce training and education
28 coordinating board, innovation partnership zones, and other relevant
29 and appropriate public and private entities.

30 NEW SECTION. **Sec. 104.** (1) The institute must be headquartered in
31 Snohomish county and overseen by a board of advisors.

32 (2) The board must consist of the following members:

33 (a) One representative from the machinist trade;

34 (b) One representative from professional aerospace engineering
35 associations;

1 (c) One representative from an aerospace company with sixty
2 thousand employees or more;

3 (d) Two representatives from an aerospace company with less than
4 sixty thousand but more than two hundred employees;

5 (e) Two representatives from an aerospace company with less than
6 two hundred employees;

7 (f) One representative from a four-year state public higher
8 education institution located in a county with a population of one
9 million or more residents;

10 (g) One representative from a four-year state public higher
11 education institution located east of the crest of the Cascade
12 mountains with student enrollment of seventeen thousand or more;

13 (h) One representative from the higher education coordinating
14 board;

15 (i) One representative from the state board for community and
16 technical colleges;

17 (j) One representative from the workforce training and education
18 coordinating board; and

19 (k) One representative from the office of the superintendent of
20 public instruction.

21 (3) The term of office for each board member, excluding the
22 representatives from the higher education coordinating board, state
23 board for community and technical colleges, workforce training and
24 education coordinating board, office of the superintendent of public
25 instruction, and institutions of higher education, is three years. The
26 executive director of the institute must be an ex officio, nonvoting
27 member of the board. Except for the representative from the office of
28 the superintendent of public instruction, board members must be
29 appointed by the governor. The governor must stagger the terms of the
30 first group of appointees to ensure the long-term continuity of the
31 board. The board must meet at least quarterly.

32 (4) The duties of the board include:

33 (a) Developing the general operating policies for the institute;

34 (b) Appointing the executive director of the institute;

35 (c) Adopting the biennial operating budget of the institute;

36 (d) Developing and maintaining on a biennial basis a state
37 comprehensive plan on aerospace training and education programs;

1 (e) Developing a program in partnership with the office of the
2 superintendent of public instruction and the skill centers that will
3 generate interest and prepare students for postsecondary education,
4 careers, employment, and apprenticeships in the aerospace industry;

5 (f) Establishing and maintaining an inventory of aerospace training
6 programs and research and development discoveries at the two and four-
7 year colleges and universities and assess the extent to which the
8 programs represent a consistent, coordinated, efficient, and integrated
9 approach to meet the training needs of the aerospace industry;

10 (g) Evaluating how research and development discoveries from
11 institutions of higher education must be incorporated into aerospace
12 training programs;

13 (h) Coordinating a yearly forum in partnership with the center for
14 aerospace technology innovation to promote research and development
15 discoveries;

16 (i) Producing a biennial report to the governor, legislature, and
17 the entities represented on the board on progress by the institute in
18 evaluating the state's aerospace training programs and meeting the
19 other obligations of this chapter, as well as including recommendations
20 for any statutory changes necessary to enhance operational efficiencies
21 or improve coordination.

22 (j) The board may enter into contracts to fulfill its
23 responsibilities and purposes under this chapter.

24 NEW SECTION. **Sec. 105.** (1) The board must employ an executive
25 director and may delegate management to the director. The director
26 must:

27 (a) Serve at the pleasure of the board;

28 (b) Be the executive officer of the board; and

29 (c) Administer the provisions of this chapter under the board's
30 supervision.

31 (2) The executive director must, with the approval of the board:

32 (a) Employ necessary deputy exempt staff under chapter 41.06 RCW who
33 serve at his or her pleasure on such terms and conditions as he or she
34 determines and (b) subject to the provisions of chapter 41.06 RCW,
35 appoint and employ such other employees as may be required for the
36 proper discharge of the functions of the institute.

1 (3) The executive director must exercise such additional powers,
2 other than rule making, as may be delegated by the board by resolution.

3 (4) In fulfilling the duties under this chapter, the board must
4 make extensive use of those state agencies with responsibility for
5 implementing and supporting the plans of the aerospace training and
6 research coordination institute.

7 NEW SECTION. **Sec. 106.** (1) The institute may receive gifts,
8 grants, or endowments from public or private sources that are made from
9 time to time, in trust or otherwise, for the use and benefit of the
10 purposes of the institute and spend gifts, grants, or endowments or
11 income from the public or private sources according to their terms,
12 unless the receipt of the gifts, grants, or endowments violates RCW
13 42.17.710.

14 (2) The institute may accept appropriate financial support levels
15 by private business, community groups, foundations, and individuals.

16 NEW SECTION. **Sec. 107.** A new section is added to chapter 43.42
17 RCW to read as follows:

18 The Washington aerospace futures account is created in the custody
19 of the state treasurer. The governor may authorize expenditures from
20 the account. Expenditures from the account may be made only for the
21 purpose of statewide aerospace workforce and industry development,
22 including programs and activities related to workforce training and
23 education, research and development, and aerospace industry retention
24 and expansion. Administrative expenses, including staff support, may
25 be paid from the account. Revenues to the account consist of moneys
26 received from grants and donations, funds administered under the
27 governor's discretion that are deposited into the account, and moneys
28 received pursuant to legislative appropriations.

29 **PART II**

30 **UNIVERSITY OF WASHINGTON--CENTER FOR AEROSPACE**

31 NEW SECTION. **Sec. 201.** (1) The legislature finds that
32 Washington's aerospace industry is important to the economic vitality
33 of the state and provides opportunities for the citizens of the state.
34 The legislature finds that there is a need for coordination among the

1 training and education programs referred to in sections 101 through 107
2 of this act and research and development of new aerospace technologies
3 under this center as well as existing private and public universities.

4 (2) The legislature also finds that it is in the interests of the
5 state of Washington to provide a mechanism to transfer and apply
6 research and technology developed at the institutions of higher
7 education to the private sector in order to create new products and
8 technologies which provide job opportunities in the aerospace industry.

9 (3) It is the intent of the legislature that the University of
10 Washington, Washington State University, and the department of commerce
11 must work cooperatively with the private sector in the development and
12 implementation of research and new technology.

13 NEW SECTION. **Sec. 202.** The definitions in this section apply
14 throughout this chapter unless the context clearly requires otherwise.

15 (1) "Aerospace company" means an entity that is primarily engaged
16 in the research, design, manufacture, assembly, or sale of completed
17 products for use in commercial or governmental aviation and avionics.

18 (2) "Board" means the board of directors of the center for
19 aerospace technology innovation.

20 (3) "Center" means the center for aerospace technology innovation,
21 including the affiliated staff, faculty, facilities, and research
22 centers operated by the center.

23 (4) "Executive director" means the executive director of the
24 center.

25 NEW SECTION. **Sec. 203.** The center for aerospace technology
26 innovation is created. The center is to lead a collaborative effort
27 between the state's universities, private industry, and government for
28 the aerospace industry. The center must be headquartered at the
29 University of Washington. The mission of the center is to advance the
30 research and development of new aerospace technologies on a statewide
31 basis that benefits the intermediate and long-term economic vitality of
32 the state through increasing the competitive capacity of the state and
33 the aerospace industry, and to develop and strengthen university-
34 industry relationships through the conduct of research that relates to
35 the interest of the state and the aerospace industry. The center must:

- 1 (1) Perform and/or facilitate research supportive of state science
- 2 and technology objectives, particularly as they relate to aerospace;
- 3 (2) Provide leading edge collaborative research in the aerospace
- 4 field;
- 5 (3) Emphasize and develop nonstate support of the center's research
- 6 activities; and
- 7 (4) Provide a venue for effective interaction between the state's
- 8 academic research institutions and the aerospace industry through the
- 9 promotion of faculty collaboration with industry, particularly within
- 10 the state.

11 NEW SECTION. **Sec. 204.** (1) The center must be overseen by the

12 board of directors of the center.

13 (2) The board must consist of the following members:

14 (a) The provost of the University of Washington or his or her

15 designated representative;

16 (b) The provost of the Washington State University or his or her

17 designated representative;

18 (c) The director of the department of commerce or his or her

19 designated representative;

20 (d) One representative from an aerospace company with sixty

21 thousand employees or more; and

22 (e) One representative from an aerospace company with less than

23 sixty thousand employees.

24 (3) The term of office for each board member, excluding the provost

25 of the University of Washington, the provost of Washington State

26 University, and the department of commerce, is three years. The

27 executive director of the center must be an ex officio, nonvoting

28 member of the board. Board members from the aerospace companies must

29 be appointed by the governor. The governor must stagger the terms of

30 the two aerospace representatives to ensure the long-term continuity of

31 the board. The board must meet at least quarterly.

32 (4) The board must contract with the University of Washington to

33 provide such services as necessary for the operation of the center and

34 implementation of the duties of the center.

35 (5) The duties of the board include:

36 (a) Developing the general operating policies for the center;

37 (b) Appointing the executive director of the center;

1 (c) Adopting the biennial operating budget of the center;

2 (d) Establishing eligibility criteria for the selection and funding
3 of research projects that guarantee the greatest potential return on
4 the state's investment;

5 (e) Approving and allocating funding for research projects
6 conducted by the center, based on the recommendations from faculty and
7 aerospace companies;

8 (f) Coordinating a yearly forum in partnership with the Washington
9 state aerospace training and coordination institute to promote research
10 and development discoveries;

11 (g) Developing a biennial work plan and five-year strategic plan
12 for the center;

13 (h) Coordinating with the University of Washington and Washington
14 State University in the development of research and development
15 programs to be conducted at the center to enhance the vitality of the
16 state and the aerospace industry;

17 (i) Reviewing annual progress reports on funded research projects;
18 and

19 (j) Providing a biennial report to the governor, the legislature,
20 and the universities detailing the activities, performance, roles, and
21 contractual obligations of the center.

22 NEW SECTION. **Sec. 205.** The center may receive gifts, grants, or
23 endowments from public or private sources that are made from time to
24 time, in trust or otherwise, for the use and benefit of the purpose of
25 the center and spend gifts, grants, or endowments or income from the
26 public or private sources according to their terms, unless the receipt
27 of the gifts, grants, or endowments violates RCW 42.17.710.

28 NEW SECTION. **Sec. 206.** The sum of three million dollars, or as
29 much thereof as may be necessary, is appropriated for the fiscal year
30 ending June 30, 2010, from the general fund to the University of
31 Washington for the purposes of this act.

32 **PART III**
33 **RETAIL SALES TAX**

1 NEW SECTION. **Sec. 301.** A new section is added to chapter 82.08
2 RCW to read as follows:

3 (1) Four-year institutions are eligible for an exemption in the
4 form of a remittance for tax paid under RCW 82.08.020 on:

5 (a) Labor and services rendered in respect to installing,
6 repairing, cleaning, altering, or improving equipment used directly in
7 aerospace product development; and

8 (b) Tangible personal property that is consumed in the development
9 of an aerospace product.

10 (2) For purposes of this section:

11 (a) "Four-year institutions" has the same meaning as provided in
12 RCW 28B.76.020;

13 (b) "Aerospace product" has the same meaning as provided in RCW
14 82.08.975; and

15 (c) "Aerospace product development" has the same meaning as
16 provided in RCW 82.04.4461.

17 (3)(a) The amount of the remittance under this section is based on
18 the state share of sales tax.

19 (b) A person claiming an exemption from state tax in the form of a
20 remittance under this section must pay the tax imposed by RCW
21 82.08.020. The buyer may then apply to the department for remittance
22 of all or part of the tax paid under RCW 82.08.020.

23 (c) The department must determine eligibility under this section
24 based on information provided by the buyer and through audit and other
25 administrative records. On a quarterly basis the buyer must submit an
26 information sheet, in a form and manner as required by the department
27 specifying the amount of exempted tax claimed and the qualifying
28 purchases or acquisitions for which the exemption is claimed. The
29 buyer must retain, in adequate detail to enable the department to
30 determine whether the labor, services, or tangible personal property
31 meets the criteria under this section: Invoices; proof of tax paid;
32 and documents describing the labor, services, or tangible personal
33 property.

34 (d) On a quarterly basis the department must remit exempted amounts
35 to qualifying public educational or research institutions that
36 submitted applications during the previous quarter.

1 NEW SECTION. **Sec. 302.** A new section is added to chapter 82.12
2 RCW to read as follows:
3 (1) Four-year institutions are eligible for an exemption in the
4 form of a remittance for tax paid under RCW 82.12.020 on:
5 (a) Labor and services rendered in respect to installing,
6 repairing, cleaning, altering, or improving equipment used directly in
7 aerospace product development; and
8 (b) Tangible personal property that is consumed in the development
9 of an aerospace product.
10 (2)(a) The amount of the remittance under this section is based on
11 the state share of sales tax.
12 (b) A person claiming an exemption from state tax in the form of a
13 remittance under this section must pay the tax imposed by RCW
14 82.12.020. The buyer may then apply to the department for remittance
15 of all or part of the tax paid under RCW 82.12.020.
16 (c) The department must determine eligibility under this section
17 based on information provided by the buyer and through audit and other
18 administrative records. On a quarterly basis the buyer must submit an
19 information sheet, in a form and manner as required by the department
20 specifying the amount of exempted tax claimed and the qualifying
21 purchases or acquisitions for which the exemption is claimed. The
22 buyer must retain, in adequate detail to enable the department to
23 determine whether the labor, services, or tangible personal property
24 meets the criteria under this section: Invoices; proof of tax paid;
25 and documents describing the labor, services, or tangible personal
26 property.
27 (d) On a quarterly basis the department must remit exempted amounts
28 to qualifying public educational or research institutions that
29 submitted applications during the previous quarter.
30 (3) The definitions in section 301 of this act apply to this
31 section.

32 **PART IV**
33 **MISCELLANEOUS PROVISIONS**

34 **Sec. 401.** RCW 43.79A.040 and 2009 c 87 s 4 are each amended to
35 read as follows:
36 (1) Money in the treasurer's trust fund may be deposited, invested,

1 and reinvested by the state treasurer in accordance with RCW 43.84.080
2 in the same manner and to the same extent as if the money were in the
3 state treasury.

4 (2) All income received from investment of the treasurer's trust
5 fund shall be set aside in an account in the treasury trust fund to be
6 known as the investment income account.

7 (3) The investment income account may be utilized for the payment
8 of purchased banking services on behalf of treasurer's trust funds
9 including, but not limited to, depository, safekeeping, and
10 disbursement functions for the state treasurer or affected state
11 agencies. The investment income account is subject in all respects to
12 chapter 43.88 RCW, but no appropriation is required for payments to
13 financial institutions. Payments shall occur prior to distribution of
14 earnings set forth in subsection (4) of this section.

15 (4)(a) Monthly, the state treasurer shall distribute the earnings
16 credited to the investment income account to the state general fund
17 except under (b) and (c) of this subsection.

18 (b) The following accounts and funds shall receive their
19 proportionate share of earnings based upon each account's or fund's
20 average daily balance for the period: The Washington aerospace futures
21 account, the Washington promise scholarship account, the college
22 savings program account, the Washington advanced college tuition
23 payment program account, the agricultural local fund, the American
24 Indian scholarship endowment fund, the foster care scholarship
25 endowment fund, the foster care endowed scholarship trust fund, the
26 students with dependents grant account, the basic health plan self-
27 insurance reserve account, the contract harvesting revolving account,
28 the Washington state combined fund drive account, the commemorative
29 works account, the Washington international exchange scholarship
30 endowment fund, the toll collection account, the developmental
31 disabilities endowment trust fund, the energy account, the fair fund,
32 the family leave insurance account, the food animal veterinarian
33 conditional scholarship account, the fruit and vegetable inspection
34 account, the future teachers conditional scholarship account, the game
35 farm alternative account, the GET ready for math and science
36 scholarship account, the grain inspection revolving fund, the juvenile
37 accountability incentive account, the law enforcement officers' and
38 firefighters' plan 2 expense fund, the local tourism promotion account,

1 the pilotage account, the produce railcar pool account, the regional
2 transportation investment district account, the rural rehabilitation
3 account, the stadium and exhibition center account, the youth athletic
4 facility account, the self-insurance revolving fund, the sulfur dioxide
5 abatement account, the children's trust fund, the Washington horse
6 racing commission Washington bred owners' bonus fund and breeder awards
7 account, the Washington horse racing commission class C purse fund
8 account, the individual development account program account, the
9 Washington horse racing commission operating account (earnings from the
10 Washington horse racing commission operating account must be credited
11 to the Washington horse racing commission class C purse fund account),
12 the life sciences discovery fund, the Washington state heritage center
13 account, the reduced cigarette ignition propensity account, and the
14 reading achievement account. However, the earnings to be distributed
15 shall first be reduced by the allocation to the state treasurer's
16 service fund pursuant to RCW 43.08.190.

17 (c) The following accounts and funds shall receive eighty percent
18 of their proportionate share of earnings based upon each account's or
19 fund's average daily balance for the period: The advanced right-of-way
20 revolving fund, the advanced environmental mitigation revolving
21 account, the city and county advance right-of-way revolving fund, the
22 federal narcotics asset forfeitures account, the high occupancy vehicle
23 account, the local rail service assistance account, and the
24 miscellaneous transportation programs account.

25 (5) In conformance with Article II, section 37 of the state
26 Constitution, no trust accounts or funds shall be allocated earnings
27 without the specific affirmative directive of this section.

28 NEW SECTION. **Sec. 402.** Sections 101 through 106 of this act
29 constitute a new chapter in Title 43 RCW.

30 NEW SECTION. **Sec. 403.** Sections 201 through 205 of this act
31 constitute a new chapter in Title 28B RCW.

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