

# SENATE BILL REPORT

## SHB 1170

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As of March 31, 2021

**Title:** An act relating to building economic strength through manufacturing.

**Brief Description:** Concerning building economic strength through manufacturing.

**Sponsors:** House Committee on Community & Economic Development (originally sponsored by Representatives Boehnke, Paul, Walsh, Kloba, Shewmake, Santos, Springer, Dolan, Dye, Graham, Leavitt, McCaslin, Young, Walen, Riccelli, Bateman, Lovick, Lekanoff, Eslick, Frame, Barkis, Sutherland, Robertson and Dent).

**Brief History:** Passed House: 3/9/21, 96-0.

**Committee Activity:** Business, Financial Services & Trade: 3/23/21, 3/25/21 [DP-WM].  
Ways & Means: 3/31/21.

### Brief Summary of Bill

- Provides a state goal to double the state's manufacturing employment base, the number of small manufacturing businesses, and the number of women and minority-owned manufacturing businesses in ten years.
- Requires the Department of Commerce (Commerce) to prepare a biennial report to the Legislature on the state of the manufacturing and research and development industry and workforce in Washington.
- Requires Commerce to convene a manufacturing council to advise and consult on the development of the report and recommendations.
- Requires Commerce to grant funding for initiatives that accelerate the development of regional clusters in manufacturing and research and development.
- Requires Commerce to appoint a workforce innovation lead to coordinate needs identified by the manufacturing, clean technology, and aerospace sector leads.

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*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.*

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## SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Dozier, Ranking Member; Brown, Frockt, Hobbs and Wilson, L.

**Staff:** Kellee Gunn (786-7429)

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## SENATE COMMITTEE ON WAYS & MEANS

**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, 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 Economic Development Strategic Reserve Account. The account was created to prevent closure of a business or facility and relocation of a Washington State business or facility outside the state, or to recruit a business or facility to the state. Only the Governor, with the recommendation of the director of Commerce may authorize expenditures from the account.

**Summary of Bill:** The Washington BEST Manufacturing Act. Creates the Washington BEST Manufacturing Act to build and reinforce the state's manufacturing and research and development (R&D) centers. The goal of the act is to double the state's manufacturing base, the number of small businesses, and the number of women and minority owned businesses within the next ten years. Commerce is responsible for identifying and developing strategies to achieve the goal.

Report. Each fiscal biennium, Commerce must develop a report that identifies progress or challenges in achieving its objectives and make recommendations. The report may include:

- recommendations to:
  1. develop a manufacturing workforce pipeline and specific subsectors that present workforce opportunities or challenges;
  2. improve the state's competitiveness for manufacturing and R&D job retention and creation; and
  3. streamline environmental permit approval and appeal processes.
- identification of:
  1. high-demand global manufacturing industries and subsectors;

2. site selection criteria of advanced manufacturing industries; and
  3. dislocated workers.
- other information on:
    1. career-connected learning opportunities; and
    2. financial aid that may fund manufacturing workforce training.

State agencies with workforce and economic development expertise are encouraged to assist identifying public policy challenges and developing recommendations. The Office of the Superintendent of Public Instruction (OSPI) and the State Board for Community and Technical Colleges (SBCTC) must be consulted in the first biennial report to assess gaps in delivering hands on, skill-based learning remotely to those seeking to enter into, or upskill within, the manufacturing workforce.

Manufacturing Council. Commerce must convene a manufacturing council to advise and consult on the development of the report and make recommendations. The director of Commerce is responsible for appointing council members. Council members must include representatives of certain businesses, educational institutions, and workforce entities. There should be equal representation between labor and business, regions, and women and minority manufacturing executives.

Regionally Tailored Strategies. Commerce must provide grant funding for initiatives that accelerate the development of regional clusters intended to produce living wage jobs in manufacturing and research and development (R&D).

Workforce Innovation Sector Lead and Reporting. Commerce must appoint a workforce innovation sector lead to coordinate workforce activities and needs identified by industry sectors to connect the work to inform funding allocation.

Beginning December 1, 2022, and once every four years thereafter, Commerce must report on the progress made developing, recruiting, and retaining R&D employers and workforce with a description of how competitor state policies strengthen each state's R&D sector in comparison to Washington's.

Account Created. A subaccount is established under the economic development strategic reserve account. Commerce may use the subaccount funds for regional cluster acceleration strategies. Commerce is encouraged to seek matching funds to any state funds appropriated to this account.

**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 (Business, Financial Services & Trade):** PRO: This bill is a result of seeing the impact of COVID-19 on manufacturing. It will allow us to double the manufacturing jobs, number of small businesses, and the number of women and minority owned businesses. This has been unanimously approved in committee and on the floor of the House. COVID-19 has brought the need for a strong manufacturing sector. Manufacturing provides the things we need, such as personal protection equipment, as well as good-paying jobs. The goal of this bill will encourage more people to engage in manufacturing. Many of the manufacturers in Washington have suffered long-term impacts because of the pandemic. This policy is timely.

This bill aligns with the mission of Commerce and with new programs the agency is about to begin on sector acceleration efforts. This will help get more resources out throughout the state.

**Persons Testifying (Business, Financial Services & Trade):** PRO: Representative Matt Boehnke, Prime Sponsor; Tommy Gantz, Association of Washington Business; Vladimir Gutman-Britten, Washington State Labor Council; John Dimas, Society of Professional Engineering Employees in Aerospace, International Federation of Professional and Technical Engineers; Chris Green, Department of Commerce; Michael Transue, Tacoma Pierce County Chamber and the Manufacturing Industrial Council for the South Sound.

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

**Staff Summary of Public Testimony (Ways & Means):** PRO: Manufacturing forms a critical backbone of Washington's tax base and it took a hit this year. This pandemic has brought new focus to the manufacturing sector. We rely on items produced created by manufacturing. The goal of this bill is about doubling the state's manufacturing base, the number of small businesses, and the number of women and minority owned businesses within the next ten years. Because of the pandemic, increasing the number of women and minority owned businesses this is important to equity. We agree with the goals of this bill and helping the state achieve them, especially regarding regional strategies. Regional offices is how the Tacoma Pierce County Chamber was established.

**Persons Testifying (Ways & Means):** PRO: Vladimir Gutman-Britten, Washington State Labor Council; Tommy Gantz, Association of Washington Business; Michael Transue, Tacoma Pierce County Chamber.

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