

# SENATE BILL REPORT

## SHB 2726

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As Reported By Senate Committee On:  
International Trade & Economic Development, February 21, 2006

**Title:** An act relating to assisting small manufacturers.

**Brief Description:** Creating Washington manufacturing services in statute.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Chase, Skinner, Kessler, Haler, Kilmer, Grant, Chandler, Blake, Clements, Linville, Newhouse, McCoy, Kristiansen, Kenney and Wallace).

**Brief History:** Passed House: 2/10/06, 97-1.

**Committee Activity:** International Trade & Economic Development: 2/15/06, 2/21/06 [DP, w/oRec].

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### SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Doumit, Eide, Roach and Zarelli.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Pflug, Ranking Minority Member.

**Staff:** Jack Brummel (786-7428)

**Background:** Manufacturing represents 14 percent of all employment in Washington, 16 percent of wages, and 17 percent of the state's business and occupation tax revenue, contributing about \$27 billion to Washington's gross state product. Almost half of the manufacturers in the state have fewer than 250 employees. The competitiveness of larger manufacturers often depends on smaller manufacturers, which generate more than half of all innovations in the economy and account for more than half of the net job creation annually.

Washington Manufacturing Services (WMS) was formed in 1997 as a not-for-profit organization affiliated with the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership. WMS works with smaller manufacturers to increase their competitiveness. Federal funding for the program is contingent on the receipt of state matching funds and private funds. WMS believes that by having statutory authorization for its operations, as exists in other states, it will be easier to garner needed state and federal funds.

**Summary of Bill:** Washington Manufacturing Services is organized as a private, nonprofit corporation to operate a modernization extension system, coordinate modernization resources, and stimulate the competitiveness of small and midsize manufacturers. A majority of the WMS board of directors are to be representatives of small and medium-sized manufacturing

firms and industry associations. Representatives of labor and state agencies are also to serve on the board.

WMS may charge fees for services and receive funds from private and public sources. WMS is to assist in the modernization of businesses and provide technical assistance in advanced management practices, mechanisms for interfirm collaboration, choosing technologies and processes that improve quality and productivity, and product development. WMS is also to assist in improving financial skills and human resource and training systems.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** WMS provides advice and becomes a partner with many small manufacturers. This will leverage other dollars. We are leaving federal grant money on the table. Putting WMS in statute will be helpful in getting federal funds.

**Testimony Against:** None.

**Who Testified:** PRO: Representative Chase; Ron Newbry, WMS; Lincoln Ferris, WA Assoc. of Small Business Incubators.