

SENATE BILL REPORT

ESHB 2879

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, February 27, 2020

Title: An act relating to fostering economic growth in Washington by supporting in-state manufacturing.

Brief Description: Fostering economic growth in Washington by supporting in-state manufacturing.

Sponsors: House Committee on Innovation, Technology & Economic Development (originally sponsored by Representatives Vick and Eslick).

Brief History: Passed House: 2/19/20, 98-0.

Committee Activity: Financial Institutions, Economic Development & Trade: 2/25/20, 2/27/20 [DPA].

Brief Summary of Amended Bill

- Directs the Department of Commerce (Commerce), in consultation with the Legislature, to complete a study of public policies to grow manufacturing subsectors and manufacturing jobs throughout all Washington counties.
- Requires Commerce to regularly meet with an advisory group of manufacturing stakeholders, and consult with certain state agencies, in its completion of the study.
- Requires Commerce to complete the study and recommend policies to develop manufacturing across the state by December 31, 2020.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Wilson, L., Ranking Member; Braun, Das, Erickson and Hobbs.

Staff: Clint McCarthy (786-7319)

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.

Background: The mission of Commerce is to grow and improve jobs in Washington, facilitate innovation, and streamline access to business assistance and economic development services by providing them through sector-based, cluster-based, and regional partners. Industry clusters targeted by Commerce include aerospace, agriculture, food manufacturing, clean technology, information and communication technology, forest products, life science, global health, maritime, and military and defense sectors.

A business regulatory efficiency program administered by Commerce was established in 2013. Commerce and the Office of Regulatory Assistance are authorized to conduct annual multi-jurisdictional regulatory streamlining projects, beginning with the manufacturing sector. Commerce initiated a manufacturing Regulatory Roadmap Program that works with the cities of Arlington, Marysville, and Lynnwood to assess site feasibility for manufacturing facilities. In 2020 Commerce created an online version of the manufacturing portal, which allows manufacturers to search by selected criteria and compare sites.

Summary of Amended Bill: Commerce is directed to complete a report on public policies to grow all manufacturing subsectors, and grow manufacturing jobs, throughout all of Washington's 39 counties. The study must include a comprehensive assessment of policy recommendations that will lead to improvement in regulatory conditions, infrastructure, and workforce development resources to support the growth and sustainability of the state's manufacturing sector. Commerce must complete the study in consultation with the leaders of the economic development committees of the Legislature.

Commerce is required to gather information and analysis from other state agencies that have a regulatory and tax impact on the manufacturing industry in its completion of the study.

Commerce is required to regularly meet with an advisory committee to assist with the contents of the study and the evaluation of Commerce's policy recommendations. A statewide manufacturing trade association must convene the advisory committee. The advisory committee must include members from each of the following industry subsectors:

- aerospace;
- food;
- beverage;
- wood product;
- primary metal;
- machinery;
- computer and electronic products;
- furniture and related products;
- transportation equipment;
- chemical;
- plastics and rubber products;
- paper;
- printing and related support activities;
- maritime; and
- clean energy.

The advisory committee may offer a report to be included as an appendix to Commerce's study and policy recommendations. The advisory committee must consult with

representatives from the Association of Washington Businesses, the Manufacturing Extension Partnership at the National Institute of Standards and Technology, and the Washington State Centers of Excellence.

Commerce must complete the study and recommend policies to facilitate the development of manufacturing in all of Washington State's counties by December 31, 2020.

EFFECT OF FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE AMENDMENT(S):

- Characterizes the final deliverable as a report, rather than a study.
- Directs Commerce to consult with the Association of Washington Businesses, the Manufacturing Extension Partnership at the National Institute of Standards and Technology, and the Washington State Centers of Excellence.

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 Engrossed Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: We have seen a lot of growth in Washington State, but not as much in manufacturing. This bill is about getting industry leaders to get in a room and make some good non-partisan policy that grows manufacturing in Washington State. Recyclers would like to be included as a type of manufacturers. Scrap model handlers would like to be able to have access to some of the tax breaks that manufacturers have.

Persons Testifying: PRO: Representative Brandon Vick, Prime Sponsor; Holly Chisa, Institute of Scrap Recycling Industries.

Persons Signed In To Testify But Not Testifying: No one.