

# SENATE BILL REPORT

## SB 6192

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As Reported By Senate Committee On:  
Labor, Commerce & Trade, January 22, 1996

**Title:** An act relating to moneys for department of community, trade, and economic development department duties as a member of the agency rural community assistance task force.

**Brief Description:** Providing funding for department of community, trade, and economic development department duties as a member of the agency rural community assistance task force.

**Sponsors:** Senators Snyder, A. Anderson, Owen, Swecker and Spanel.

**Brief History:**

**Committee Activity:** Labor, Commerce & Trade: 1/9/96, 1/22/96 [DPS].

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### SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

**Majority Report:** That Substitute Senate Bill No. 6192 be substituted therefor, and the substitute bill do pass.

Signed by Senators Pelz, Chair; Heavey, Vice Chair; Deccio, Franklin, Fraser and Newhouse.

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

**Background:** In 1989 the Legislature directed, via a budget line-item, that the Department of Trade and Economic Development implement "a timber industrial extension service" to provide assistance in "identifying new markets, developing new technologies and products, and assisting production and marketing efforts" In response, the department created the Forest Products Program, and the department's successor agency, the Department of Community, Trade, and Economic Development, has operated it since March, 1994.

In 1991, the Forest Products Program began to "implement an expanded value-added forest products development industrial extension program" as required by legislation passed that year. The legislation, in language similar to the 1989 budget proviso, directed that a variety of industrial extension assistance be provided to small and medium-sized forest product companies. 1995 legislation extended the life of the industrial extension efforts and other timber-related programs to June, 1998.

Since 1989, the program has worked with over 350 companies across the state, providing hands-on help to secondary wood products companies. Since 1991, when the program began keeping consistent statistics, assisted companies that have returned surveys reported the creation of 800 new jobs and the retention of over 1,500 more. Better than half of these jobs were created or retained in 1994, the last year for which statistics were kept. The wages in these manufacturing jobs exceed wages in most other sectors.

The annual increase in total sales reported by assisted companies has grown from \$1.3 million in 1991 to over \$48 million in 1994. Assisted companies reported cost savings of \$290,000 in 1991 and \$14.7 million in 1994.

In mid-1994, the Director of the Forest Products Program left and the department has not replaced her. In 1995, the department re-assigned the two industrial extension agents carrying out the industrial extension requirements of the 1991 legislation. Budget constraints have been cited as the reason for the department's decisions.

**Summary of Substitute Bill:** The statute requiring the Department of Community, Trade, and Economic Development to provide forest products industrial extension services is amended to authorize contracting out for such services. The department is required to charge a fee for the services provided to help off-set the cost of delivering such services.

The wood products diversification account is established in the State Treasury. Fees collected for forest products industrial extension services are to be deposited in the account. Two percent of the state's share of the timber excise tax must be deposited in the account. Expenditures from the account may only be used to carry out the forest products extension program.

**Substitute Bill Compared to Original Bill:** The substitute bill makes the wood products diversification account an appropriated account, deletes an outdated reference and substitutes the phrase "collect a fee" for "charge a fee."

**Appropriation:** None.

**Fiscal Note:** Requested on January 5, 1995.

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

**Testimony For:** The secondary wood manufacturing industry has started to blossom and the bill is needed to continue diversification in towns that still rely on the timber resource. The program has helped the little guy and needs secure funding.

**Testimony Against:** None.

**Testified:** PRO: Senator Snyder, Prime Sponsor; Mike Fitzgerald, Peter McMillan, Department of Community, Trade, and Economic Development; Bruce Lippke, Center for International Trade in Forest Products; Greg Shellberg, The Evergreen Partnership; Dave Miller, Northstar Co.; Frank Johnson, Posey Manufacturing.