

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6510

Chapter 315, Laws of 2008

60th Legislature
2008 Regular Session

SMALL MANUFACTURERS--INNOVATION AND MODERNIZATION--FUNDING

EFFECTIVE DATE: 06/12/08

Passed by the Senate March 10, 2008
YEAS 49 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House March 7, 2008
YEAS 94 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

Approved April 1, 2008, 4:03 p.m.

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6510** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

April 2, 2008

CHRISTINE GREGOIRE

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6510

AS AMENDED BY THE HOUSE

Passed Legislature - 2008 Regular Session

State of Washington 60th Legislature 2008 Regular Session

By Senate Ways & Means (originally sponsored by Senators Kastama, King, Shin, and Rasmussen)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to providing a source of funding to assist small
2 manufacturers in obtaining innovation and modernization services;
3 adding new sections to chapter 43.131 RCW; adding a new chapter to
4 Title 43 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that a viable
7 manufacturing industry is critical to providing the state economy with
8 family-wage jobs and improving the quality of life for workers and
9 communities. To perform in the emerging global marketplace, Washington
10 manufacturers must master new technologies, streamline production
11 processes, improve quality assurance, expand environmental compliance,
12 and enhance methods of work organization. Only through innovation and
13 modernization techniques, reflecting the specific needs and
14 capabilities of the individual firms, can Washington manufacturers both
15 compete successfully in the market of the future and pay good living
16 wages.

17 Most small and midsize manufacturers do not have the resources that
18 will allow them to easily access innovation and modernization technical
19 assistance and the skills training needed to make them globally

1 competitive. Because of the statewide public benefit to be gained from
2 increasing the availability of innovation and modernization services,
3 it is the intent of the legislature to create a new mechanism in a
4 manner that reduces the up-front costs of these services for small and
5 midsize manufacturing firms. It is further the intent of the
6 legislature that Washington state increase its support for the federal
7 manufacturing extension partnership program, to expand the delivery of
8 innovation and modernization services to small and midsize Washington
9 manufacturers, and to leverage federal funding and private resources
10 devoted to such efforts.

11 The successful implementation of innovation and modernization
12 services will enable a manufacturing firm to reduce costs, increase
13 sales, become more profitable, and ultimately expand job opportunities
14 for Washington citizens. Such growth will result in increased revenue
15 from the state business and occupation taxes paid by manufacturers who
16 have engaged in innovation and modernization services.

17 NEW SECTION. **Sec. 2.** The definitions in this section apply
18 throughout this chapter unless the context clearly requires otherwise.

19 (1) "Costs of extension services" and "extension service costs"
20 mean the direct costs experienced under a contract with a qualified
21 manufacturing extension partnership affiliate for modernization
22 extension services, including but not limited to amounts in the
23 contract for costs of consulting, instruction, materials, equipment,
24 rental of class space, marketing, and overhead.

25 (2) "Department" means the department of community, trade, and
26 economic development.

27 (3) "Director" means the director of the department of community,
28 trade, and economic development.

29 (4) "Innovation and modernization extension voucher" and "voucher"
30 mean an instrument issued to a successful applicant from the
31 department, verifying that funds from the manufacturing innovation and
32 modernization account will be forwarded to the qualified manufacturing
33 extension partnership affiliate selected by the participant and will
34 cover identified costs of extension services.

35 (5) "Innovation and modernization extension services" and "service"
36 mean a service funded under this chapter and performed by a qualified
37 manufacturing extension partnership affiliate. The services may

1 include but are not limited to strategic planning, continuous
2 improvement, business development, six sigma, quality improvement,
3 environmental health and safety, lean processes, energy management,
4 innovation and product development, human resources and training,
5 supply chain management, and project management.

6 (6) "Outreach services" means those activities performed by an
7 affiliate to either assess the technical assistance needs of Washington
8 manufacturers or increase manufacturers' awareness of the opportunities
9 and benefits of implementing cutting edge technology, techniques, and
10 best practices. "Outreach services" includes but is not limited to
11 salaries of outreach staff, needs assessments, client follow-up, public
12 educational events, manufacturing orientated trade shows, electronic
13 communications, newsletters, advertising, direct mail efforts, and
14 contacting business organizations for names of manufacturers who might
15 need assistance.

16 (7) "Program" means the Washington manufacturing innovation and
17 modernization extension service program created in section 3 of this
18 act.

19 (8) "Program participant" and "participant" mean an applicant for
20 assistance under the program that has received a voucher or a small
21 manufacturer receiving services through an industry association or
22 cluster association that has received a voucher.

23 (9) "Qualified manufacturing extension partnership affiliate" and
24 "affiliate" mean a private nonprofit organization established under RCW
25 24.50.010 or other organization that is eligible or certified to
26 receive federal matching funds from the national institute of standards
27 and technology manufacturing extension partnership program of the
28 United States department of commerce.

29 (10) "Small manufacturer" means a private employer whose primary
30 business is adding value to a product through a manufacturing process
31 and employs one hundred or fewer employees within Washington state.

32 NEW SECTION. **Sec. 3.** (1) The Washington manufacturing innovation
33 and modernization extension service program is created to provide
34 assistance to small manufacturers located in the state of Washington.
35 The program shall be administered by the department.

36 (2)(a) Application to receive assistance under this program must be
37 made to the department in a form and manner specified by the

1 department. Successful applicants will receive an innovation and
2 modernization extension voucher from the department to cover the costs
3 of extension services performed by a qualified manufacturing extension
4 partnership affiliate. An applicant may not receive a voucher or
5 vouchers of over two hundred thousand dollars per calendar year. The
6 department shall only allocate up to sixty percent of available funding
7 during the first year of a biennium.

8 (b) Applicants must:

9 (i) Have a valid agreement with a qualified manufacturing extension
10 partnership affiliate to engage in innovation and modernization
11 extension services;

12 (ii) Agree to: (A) Make a contribution to the manufacturing
13 innovation and modernization account created in section 5 of this act,
14 in an amount equal to twenty-five percent of the amount of the
15 innovation and modernization extension voucher, upon completion of the
16 innovation and modernization extension service; and (B) make monthly or
17 quarterly contributions over the subsequent eighteen months, as
18 specified in their agreement with the affiliate, to the manufacturing
19 innovation and modernization account created in section 5 of this act
20 in an amount equal to eighty percent of the amount of the innovation
21 and modernization extension voucher;

22 (iii) Be a small manufacturer or an industry association or cluster
23 association at the time the applicant entered into an agreement with a
24 qualified manufacturing extension partnership affiliate; and

25 (iv) If a small manufacturer, ensure that the number of employees
26 the applicant has in the state during the calendar year following the
27 completion of the program will be equal to or greater than the number
28 of employees the applicant had in the state in the calendar year
29 preceding the start of the program.

30 (3) The director may solicit and receive gifts, grants, funds,
31 fees, and endowments, in trust or otherwise, from tribal, local,
32 federal, or other governmental entities, as well as private sources,
33 for the purpose of providing funding for the innovation and
34 modernization extension services and outreach services specified in
35 this chapter. All revenue solicited and received by the department
36 pursuant to this subsection must be deposited into the manufacturing
37 innovation and modernization account created in section 5 of this act.

38 (4) The department may adopt rules to implement this section.

1 (5) Any qualified manufacturing extension partnership affiliate
2 receiving funding under this program is required to submit a copy of
3 its annual independent federal audit to the department within three
4 months of its issuance.

5 NEW SECTION. **Sec. 4.** This chapter, being necessary for the
6 welfare of the state and its inhabitants, shall be liberally construed
7 to effect its purposes. Insofar as the provisions of this chapter are
8 inconsistent with the provisions of any general or special law, or
9 parts thereof, the provisions of this chapter shall be controlling.

10 NEW SECTION. **Sec. 5.** (1) The manufacturing innovation and
11 modernization account is created in the state treasury. Moneys in the
12 account may be spent only after appropriation.

13 (2) Expenditures from the account may be used only for funding
14 activities of the Washington manufacturing innovation and modernization
15 extension services program created in section 3 of this act.

16 (3) All payments by a program participant in the Washington
17 manufacturing innovation and modernization extension services program
18 created in section 3 of this act shall be deposited into the
19 manufacturing innovation and modernization account. Of the total
20 payments deposited into the account by program participants, the
21 department may use up to three percent for administration of this
22 program. The deposit of payments under this section from a program
23 participant cease when the department specifies that the program
24 participant has met the monetary contribution obligations of the
25 program.

26 (4) All revenue solicited and received under the provisions of
27 section 3(3) of this act shall be deposited into the manufacturing
28 innovation and modernization account.

29 (5) The legislature intends that all payments from the
30 manufacturing innovation and modernization account made to qualified
31 manufacturing extension partnership affiliates will be eligible as the
32 state match in an affiliate's application for federal matching funds
33 under the manufacturing extension partnership program of the United
34 States department of commerce's national institute of standards and
35 technology.

1 NEW SECTION. **Sec. 6.** Any qualified manufacturing extension
2 partnership affiliate receiving funding under the program shall collect
3 and submit to the department annually data on the number of clients
4 served, the scope of services provided, and outcomes achieved during
5 the previous calendar year. The department must evaluate the data
6 submitted and use it in a biennial report on the program submitted to
7 the appropriate committees of the legislature.

8 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.131 RCW
9 to read as follows:

10 The Washington manufacturing innovation and modernization extension
11 service program under chapter 43.--- RCW (created in section 10 of this
12 act) shall be terminated June 30, 2012, as provided in section 8 of
13 this act.

14 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.131 RCW
15 to read as follows:

16 The following acts or parts of acts, as now existing or hereafter
17 amended, are each repealed, effective June 30, 2013:

- 18 (1) Section 1 of this act;
- 19 (2) Section 2 of this act;
- 20 (3) Section 3 of this act;
- 21 (4) Section 4 of this act;
- 22 (5) Section 5 of this act; and
- 23 (6) Section 6 of this act.

24 NEW SECTION. **Sec. 9.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

28 NEW SECTION. **Sec. 10.** Sections 1 through 6 of this act constitute
29 a new chapter in Title 43 RCW.

30 NEW SECTION. **Sec. 11.** If specific funding for the purposes of
31 this act, referencing this act by bill or chapter number, is not

1 provided by June 30, 2008, in the omnibus appropriations act, this act
2 is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 7, 2008.

Approved by the Governor April 1, 2008.

Filed in Office of Secretary of State April 2, 2008.