

FINAL BILL REPORT

SHB 1170

C 64 L 21
Synopsis as Enacted

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).

House Committee on Community & Economic Development
House Committee on Appropriations
Senate Committee on Business, Financial Services & Trade
Senate Committee on Ways & Means

Background:

The Department of Commerce (Department) is responsible for growing and improving jobs in Washington, facilitating innovation, and streamlining access to business assistance and economic development services by providing them through sector-based, cluster-based, and regional partners.

Industry clusters targeted by the Department include aerospace, agriculture, food manufacturing, clean technology, information and communication technology, forest products, life science, global health, maritime, and military and defense sectors.

The Department employs sector leads that work with public officials and industry representatives to promote public-private partnerships, enhance workforce development in targeted industries, and advance strategies that support small business growth and expansion.

Summary:

The Legislature intends to identify and invest in strategies to ensure every geographic

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region of the state can benefit from a strong manufacturing and research and development base, with the 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 the next 10 years. The Department is responsible for identifying and developing strategies to help achieve the goal.

In support of pursuing the goal, the Department must prepare and update a biennial report to the Legislature on the state of the manufacturing and research and development industry and workforce. The report must identify progress or challenges the state has encountered in achieving the goal and identify recommendations. The report may include, but not be limited to:

- recommendations for specific actions to develop a manufacturing workforce pipeline and specific manufacturing subsectors that present workforce opportunities or challenges;
- identification of dislocated workers;
- career-connected learning opportunities;
- a survey of financial aid that can be leveraged to fund training for the manufacturing workforce pipeline, such as Washington college grant opportunities, passport to careers, and prison to postsecondary funding;
- recommendations on improving the state's competitiveness for manufacturing and research and development job retention and creation;
- identification of high-demand advanced manufacturing industries and subsectors globally;
- identification of site selection criteria of advanced manufacturing and research and development projects; and
- recommendations of best practices to streamline environmental permit approval and appeal processes for the purpose of getting manufacturing businesses that want to site or expand in Washington more certainty, faster.

In its first biennial report, the Department is required to coordinate with the Office of the Superintendent of Public Instruction and the State Board for Community and Technical Colleges to assess any inadequacy or gaps in delivering hands-on, skills-based learning remotely to all Washingtonians seeking to enter the manufacturing workforce or to be retrained for a transition within the manufacturing workforce.

All state agencies with expertise in workforce development and economic development are encouraged to provide information and resources requested to inform and facilitate identification and analysis of public policy challenges and potential recommendations for the report.

Manufacturing Advisory Council.

The Department must convene a Manufacturing Council (Council) to advise and consult on the development of the biennial report and recommendations. The Department's Director, or their designee, must appoint members of the Council from the private, nonprofit, and

public sectors that may best inform the state's ability to innovate, diversify supply chains, and expand living wage jobs in the manufacturing sector.

Representatives of the Council must include small- to mid-sized private sector manufacturing businesses, labor and apprenticeship programs, statewide business associations, higher education institutions, and workforce partners.

The Department must work to ensure equal representation of business and labor on the Council, that appointees of the manufacturing Council represent every region of the state, and that the Council includes a strong array of voices from women and minority executives and labor in manufacturing.

Regionally Tailored Development Strategy.

The Department must support the development of regionally tailored strategies to facilitate the continued existence and development of manufacturing workforce across the state. The Department must grant funding for initiatives that accelerate the development of regional clusters intended to grow living wage jobs in manufacturing and research and development.

The Department is encouraged to consider the creation of regional offices or establish additional duty stations that facilitate sector leads to be located in the region's most dependent on their sector.

Manufacturing Cluster Acceleration Subaccount. The Manufacturing Cluster Acceleration Subaccount (Account) is established in the Economic Development Strategic Reserve Account. All receipts from appropriations made to the Account shall be deposited into the Account. The Department may make expenditures from the Account to support regional cluster acceleration strategies, including supporting:

- projects to assist manufacturers to diversify their customer base and supply chain;
- pilot or demonstration manufacturing projects coordination with organized cluster initiatives; and
- projects that are intended to increase manufacturing and research and development jobs regionally.

The Department is encouraged to seek matching funds for any funds appropriated to this Account and may use funds to match nonstate funds being expended on a specific, related project.

Workforce Innovation Sector Lead.

The Department must appoint a workforce innovation sector lead to coordinate workforce activities and needs identified by other industry sector leads and connect this work with the lead workforce agencies to inform strategic allocation of funding.

Research and Development Report.

Within existing resources, the Department must report the progress made in developing,

recruiting, and retaining research and development employers and workforce. In addition, the report must include a description of how the state's policy toolkit for developing strength in research and development as a sector compares to competitor states. The report must be submitted to the appropriate committees of the Legislature, beginning December 1, 2022, and continuing every fourth year thereafter.

Votes on Final Passage:

House	96	0
Senate	48	0

Effective: July 25, 2021