

SSB 6510 - H COMM AMD

By Committee on Community & Economic Development & Trade

NOT CONSIDERED 03/07/2008

1 Strike everything after the enacting clause and insert the  
2 following:

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

14 Most small and midsize manufacturers do not have the resources that  
15 will allow them to easily access innovation and modernization technical  
16 assistance and the skills training needed to make them globally  
17 competitive. Because of the statewide public benefit to be gained from  
18 increasing the availability of innovation and modernization services,  
19 it is the intent of the legislature to create a new mechanism in a  
20 manner that reduces the up-front costs of these services for small and  
21 midsize manufacturing firms. It is further the intent of the  
22 legislature that Washington state increase its support for the federal  
23 manufacturing extension partnership program, to expand the delivery of  
24 innovation and modernization services to small and midsize Washington  
25 manufacturers, and to leverage federal funding and private resources  
26 devoted to such efforts.

27 The successful implementation of innovation and modernization  
28 services will enable a manufacturing firm to reduce costs, increase  
29 sales, become more profitable, and ultimately expand job opportunities

1 for Washington citizens. Such growth will result in increased revenue  
2 from the state business and occupation taxes paid by manufacturers who  
3 have engaged in innovation and modernization services.

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

6 (1) "Costs of extension services" and "extension service costs"  
7 mean the direct costs experienced under a contract with a qualified  
8 manufacturing extension partnership affiliate for modernization  
9 extension services, including but not limited to amounts in the  
10 contract for costs of consulting, instruction, materials, equipment,  
11 rental of class space, marketing, and overhead.

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

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

16 (4) "Innovation and modernization extension voucher" and "voucher"  
17 mean an instrument issued to a successful applicant from the  
18 department, verifying that funds from the manufacturing innovation and  
19 modernization account will be forwarded to the qualified manufacturing  
20 extension partnership affiliate selected by the participant and will  
21 cover identified costs of extension services.

22 (5) "Innovation and modernization extension services" and "service"  
23 mean a service funded under this chapter and performed by a qualified  
24 manufacturing extension partnership affiliate. The services may  
25 include but are not limited to strategic planning, continuous  
26 improvement, business development, six sigma, quality improvement,  
27 environmental health and safety, lean processes, energy management,  
28 innovation and product development, human resources and training,  
29 supply chain management, and project management.

30 (6) "Outreach services" means those activities performed by an  
31 affiliate to either assess the technical assistance needs of Washington  
32 manufacturers or increase manufacturers' awareness of the opportunities  
33 and benefits of implementing cutting edge technology, techniques, and  
34 best practices. "Outreach services" includes but is not limited to  
35 salaries of outreach staff, needs assessments, client follow-up, public  
36 educational events, manufacturing orientated trade shows, electronic

1 communications, newsletters, advertising, direct mail efforts, and  
2 contacting business organizations for names of manufacturers who might  
3 need assistance.

4 (7) "Program" means the Washington manufacturing innovation and  
5 modernization extension service program created in section 3 of this  
6 act.

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

11 (9) "Qualified manufacturing extension partnership affiliate" and  
12 "affiliate" mean a private nonprofit organization established under RCW  
13 24.50.010 or other organization that is eligible or certified to  
14 receive federal matching funds from the national institute of standards  
15 and technology manufacturing extension partnership program of the  
16 United States department of commerce.

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

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

24 (2)(a) Application to receive assistance under this program must be  
25 made to the department in a form and manner specified by the  
26 department. Successful applicants will receive an innovation and  
27 modernization extension voucher from the department to cover the costs  
28 of extension services performed by a qualified manufacturing extension  
29 partnership affiliate. An applicant may not receive a voucher or  
30 vouchers of over two hundred thousand dollars per calendar year. The  
31 department shall only allocate up to sixty percent of available funding  
32 during the first year of a biennium.

33 (b) Applicants must:

34 (i) Have a valid agreement with a qualified manufacturing extension  
35 partnership affiliate to engage in innovation and modernization  
36 extension services;

1 (ii) Agree to: (A) Make a contribution to the manufacturing  
2 innovation and modernization account created in section 5 of this act,  
3 in an amount equal to twenty-five percent of the amount of the  
4 innovation and modernization extension voucher, upon completion of the  
5 innovation and modernization extension service; and (B) make monthly or  
6 quarterly contributions over the subsequent eighteen months, as  
7 specified in their agreement with the affiliate, to the manufacturing  
8 innovation and modernization account created in section 5 of this act  
9 in an amount equal to eighty percent of the amount of the innovation  
10 and modernization extension voucher;

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

14 (iv) If a small manufacturer, ensure that the number of employees  
15 the applicant has in the state during the calendar year following the  
16 completion of the program will be equal to or greater than the number  
17 of employees the applicant had in the state in the calendar year  
18 preceding the start of the program.

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

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

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

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

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

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

7        (3) All payments by a program participant in the Washington  
8 manufacturing innovation and modernization extension services program  
9 created in section 3 of this act shall be deposited into the  
10 manufacturing innovation and modernization account. Of the total  
11 payments deposited into the account by program participants, the  
12 department may use up to three percent for administration of this  
13 program. The deposit of payments under this section from a program  
14 participant cease when the department specifies that the program  
15 participant has met the monetary contribution obligations of the  
16 program.

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

20        (5) The legislature intends that all payments from the  
21 manufacturing innovation and modernization account made to qualified  
22 manufacturing extension partnership affiliates will be eligible as the  
23 state match in an affiliate's application for federal matching funds  
24 under the manufacturing extension partnership program of the United  
25 States department of commerce's national institute of standards and  
26 technology.

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

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

36        The Washington manufacturing innovation and modernization extension

1 service program under chapter 43.--- RCW (created in section 10 of this  
2 act) shall be terminated June 30, 2012, as provided in section 8 of  
3 this act.

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

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

- 8 (1) Section 1 of this act;
- 9 (2) Section 2 of this act;
- 10 (3) Section 3 of this act;
- 11 (4) Section 4 of this act;
- 12 (5) Section 5 of this act; and
- 13 (6) Section 6 of this act.

14 NEW SECTION. **Sec. 9.** If any provision of this act or its  
15 application to any person or circumstance is held invalid, the  
16 remainder of the act or the application of the provision to other  
17 persons or circumstances is not affected.

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

20 Correct the title.

EFFECT: Requires the Department of Community, Trade, and Economic Development (Department) rather than the Community Economic Revitalization Board to administer the Washington Manufacturing Innovation and Modernization Extension Services Program (program) and provide vouchers to small manufacturers for services by affiliates. Creates an account in the State Treasury from which moneys may be spent only after appropriation. Removes the requirement that the director of the Department award up to \$100,000 annually to affiliates for outreach services, and pay the affiliate the full cost of services upon submission of a voucher. Removes the requirement that by 2013 there be a 50 percent private match for funding outreach services. Allows the Department to use up to three percent of the 105 percent in participant payments for program administration. Requires affiliates receiving funding to collect and submit specified data to the Department annually. Requires the Department to evaluate the data and use it in

a biennial legislative report. Requires a sunset review and repeal of statutes by June 30, 2013.

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