

SENATE BILL REPORT

SB 6236

As Reported by Senate Committee On:
Economic Development & International Trade, January 25, 2018
Ways & Means, February 6, 2018

Title: An act relating to establishing the Washington state economic growth commission.

Brief Description: Establishing the Washington state economic growth commission.

Sponsors: Senators Chase, Hasegawa and Palumbo.

Brief History:

Committee Activity: Economic Development & International Trade: 1/25/18, 1/25/18 [DPS-WM].

Ways & Means: 2/01/18, 2/06/18 [DP2S, DNP, w/oRec].

Brief Summary of Second Substitute Bill

- Establishes the Washington State Economic Growth Commission to develop a state economic growth strategy, and devise a plan for establishing a manufacturing innovation institute.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & INTERNATIONAL TRADE

Majority Report: That Substitute Senate Bill No. 6236 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Chase, Chair; Takko, Vice Chair; Brown, Ranking Member; Wagoner and Wellman.

Staff: Greg Vogel (786-7413)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6236 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Mullet, Palumbo, Ranker and Van De Wege.

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.

Minority Report: Do not pass.

Signed by Senators Braun, Ranking Member; Bailey, Becker, Brown and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Fain, Pedersen, Rivers, Wagoner and Warnick.

Staff: Claire Goodwin (786-7736)

Background: Economic Development Commission. In 2002, Governor Locke created the Washington Economic Development Commission (EDC) through executive order as a means for business and labor leaders to assist in the improvement and development of the state's economy. The following year, the Legislature established the EDC in statute as an advisory body to the Department of Community, Trade, and Economic Development, now the Department of Commerce.

The EDC assisted the Governor and Legislature by providing leadership, direction, and guidance on a long-term and systematic approach to economic development. In 2011, the EDC was directed to concentrate its major efforts on strategic planning, policy research and analysis, advocacy, evaluation, and promoting coordination and collaboration.

In 2014, the EDC was eliminated.

Manufacturing Innovation Institute. Manufacturing innovation institutes are public-private institutes that serve as regional hubs, bridging the gap between applied research and product development by bringing together companies, universities and other academic and training institutions, and federal agencies to co-invest in key technology areas that encourage investment and production in the United States. The institutes provide education and training for students and workers at all levels, while providing shared assets to help companies access the capabilities and equipment to design, test, and pilot new products and manufacturing processes.

Following recommendations by the U.S. President's Council of Advisors on Science and Technology, the Advanced Manufacturing Program Office and the National Network for Manufacturing Innovation were established in 2011. In May 2013, the Obama administration launched competitions for three manufacturing innovation institutes with a federal commitment of \$200 million across five agencies—the departments of Defense, Energy, Commerce, NASA, and the National Science Foundation—building off a pilot institute headquartered in Youngstown, Ohio. Today, there are 14 existing institutes.

Summary of Bill (Second Substitute): The Washington State Economic Growth Commission (Commission) is established to develop a state economic growth strategy related to accelerating technology innovation to increase the number of high-paying jobs in the state's economy, and establish the feasibility and devise a plan for establishing a manufacturing innovation institute. The Commission consists of sixteen voting members: one representative from the Department of Commerce, four representatives from academia, three representatives from private industry or trade associations, three representatives from a labor organization, one senior economist with expertise in manufacturing and technology, one representative from Impact Washington, two representatives from the Washington

Workforce Training and Education Coordinating Board, and one representative from the State Board for Community and Technical Colleges.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Adds that the commission is subject to appropriations.
- Adds that the development of a state economic growth strategy related to accelerating technology innovation is to increase the number of high paying jobs in the state.
- Removes the requirement that the Governor must receive the consent from the Senate upon selecting a chair of the commission.
- Specifies that the commission will not meet more than six times per year.
- Removes the appropriated amount.
- Adds that the Department of Commerce may contract with the state's manufacturing extension partnership for the purposes of this act.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT & INTERNATIONAL TRADE COMMITTEE (First Substitute):

- Specifies that the economic growth strategy is related to accelerating technology innovation, and that the Commission is also formed to establish the feasibility, in addition to devising a plan for establishing a manufacturing innovation institute.
- Adds nine more members to the Commission: one representative from the Department of Commerce, three representatives from private industry or trade associations, three representatives from a labor organization, one more representative from the Workforce Board, and one representative from the State Board of Community and Technical Colleges.
- Increases the appropriation to \$350,000, and specifies that the Department of Commerce will contract with the state's Manufacturing Extension Partnership.

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 Original Bill (Economic Development & International Trade): *The committee recommended a different version of the bill than what was heard.* PRO: The state needs a strategy for economic growth and needs to be thoughtful and deliberate about developing it. The federal Department of Commerce and NIST established a program for establishing manufacturing innovation institutes around the country. This proposal would be to plan for bringing a manufacturing innovation institute to Washington. There is amazing support from academic institutions and the private sector on this bill. Workforce is a number one concern for middle market companies. Seventy percent of jobs require training somewhere between high school and a four year degree. The middle

market is often working with its nose to the grindstone, and is not always clued into the workforce pipeline available. This bill can help notify them of these opportunities.

OTHER: There is merit in these kinds of activities. The department is working with Impact Washington and other stakeholders on how to use this framework strategically. The new language in the proposed substitute focuses on innovation and technology and aligns the bill with some of the work that Commerce is doing now, in terms of where the workforce is going.

Persons Testifying (Economic Development & International Trade): PRO: Senator Maralyn Chase, Prime Sponsor; Katherine Mahoney, State Board for Community and Technical Colleges.

OTHER: Chris Green, Department of Commerce.

Persons Signed In To Testify But Not Testifying (Economic Development & International Trade): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: The program provides the infrastructure and industry to advance the state's strategy for economic growth in Washington.

Persons Testifying (Ways & Means): PRO: Senator Maralyn Chase, Prime Sponsor.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.