

HOUSE BILL REPORT

ESHB 2879

As Passed House:
February 19, 2020

Title: An act relating to fostering economic growth in Washington by supporting in-state manufacturing.

Brief Description: Fostering economic growth in Washington by supporting in-state manufacturing.

Sponsors: House Committee on Innovation, Technology & Economic Development (originally sponsored by Representatives Vick and Eslick).

Brief History:

Committee Activity:

Innovation, Technology & Economic Development: 2/4/20, 2/5/20 [DPS].

Floor Activity:

Passed House: 2/19/20, 98-0.

Brief Summary of Engrossed Substitute Bill

- Directs the Department of Commerce (Department), in consultation with Legislature, to complete a study of public policies to grow manufacturing subsectors and manufacturing jobs throughout all Washington counties.
- Requires the Department to regularly meet with an advisory group of manufacturing stakeholders, and consult with certain state agencies, in its completion of the study.
- Requires the Department to complete the study and recommend policies to develop manufacturing across the state by December 31, 2020.

HOUSE COMMITTEE ON INNOVATION, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hudgins, Chair; Kloba, Vice Chair; Smith, Ranking Minority Member; Boehnke, Assistant Ranking Minority Member; Entenman, Slatter, Tarleton, Van Werven and Wylie.

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.

Staff: Kyle Raymond (786-7190).

Background:

The mission of the Department of Commerce (Department) is to grow and improve jobs in Washington, facilitate innovation, and streamline 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.

A business regulatory efficiency program administered by the Department was established in 2013. The Department and the Office of Regulatory Assistance are authorized to conduct annual multi-jurisdictional regulatory streamlining projects, beginning with the manufacturing sector. The Department initiated a manufacturing Regulatory Roadmap Program that works with the cities of Arlington, Marysville, and Lynnwood to assess site feasibility for manufacturing facilities. In 2020 the Department created an online version of the manufacturing portal, which allows manufacturers to search by selected criteria and compare sites.

Summary of Engrossed Substitute Bill:

The Department of Commerce (Department) is directed to complete a study of public policies to grow all manufacturing subsectors, and grow manufacturing jobs, throughout all of Washington's 39 counties. The study must include a comprehensive assessment of policy recommendations that will lead to improvement in regulatory conditions, infrastructure, and workforce development resources to support the growth and sustainability of the state's manufacturing sector. The Department must complete the study in consultation with the leaders of the economic development committees of the Legislature.

The Department is required to gather information and analysis from other state agencies that have a regulatory and tax impact on the manufacturing industry in its completion of the study.

The Department is required to regularly meet with an advisory committee to assist with the contents of the study and the evaluation of the Department's policy recommendations. A statewide manufacturing trade association must convene the advisory committee. The advisory committee must include members from each of the following industry subsectors:

- aerospace manufacturing;
- food manufacturing;
- beverage manufacturing;
- wood product manufacturing;
- primary metal manufacturing;
- machinery manufacturing;
- computer and electronic product manufacturing;
- furniture and related product manufacturing;
- transportation equipment manufacturing;
- chemical manufacturing;

- plastics and rubber products manufacturing;
- paper manufacturing;
- printing and related support activities;
- maritime manufacturing; and
- clean energy manufacturing.

The advisory committee may offer a report to be included as an appendix to the Department's study and policy recommendations.

The Department must complete the study and recommend policies to facilitate the development of manufacturing in all of Washington state's counties by December 31, 2020.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill builds on the work of the Joint Legislative Task Force on Economic Resilience and Maritime Manufacturing in Washington (Task Force). The Task Force worked with business leaders and industry members to determine how to promote and grow maritime manufacturing.

This bill tries to replicate the work done by the Task Force to demonstrate to local and international partners that Washington is serious about growing manufacturing and jobs in the state. The bill will help identify manufacturing roadblocks and how to overcome these roadblocks across all of Washington's 39 counties. This bill brings together industry leaders and regulators to identify ways to grow jobs, increase economic output, and promote greater activity.

Washington needs these manufacturing jobs, and this bill can help bring different sectors and legislators together to identify ways the state can help the manufacturing sector grow.

Finding marketplaces for recycled material has become increasingly difficult. The manufacturing of metals is included in the advisory group under the bill. The Institute of Scrap Recycling Industries is excited about being a part of these discussions and the possibility of developing a marketplace for recycling materials and a localized recycling industry in Washington.

The bill takes a holistic approach to creating a healthy manufacturing ecosystem within the state. The Work Group is needed because there are currently no committees that focus specifically on manufacturing. Currently, different manufacturing industries are fairly siloed. The bill would also help provide lawmakers a high-level view of the manufacturing industry as a whole.

(Opposed) None.

Persons Testifying: Representative Vick, prime sponsor; Holly Chisa, Institute of Scrap Recycling Industries; and Tommy Gantz.

Persons Signed In To Testify But Not Testifying: None.