

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 5269

Chapter 322, Laws of 2023
(partial veto)

68th Legislature
2023 Regular Session

MANUFACTURING—INDEPENDENT ASSESSMENT AND INDUSTRIAL STRATEGY

EFFECTIVE DATE: July 23, 2023

Passed by the Senate April 14, 2023
Yeas 28 Nays 14

DENNY HECK

President of the Senate

Passed by the House April 6, 2023
Yeas 95 Nays 2

Laurie Jinkins

**Speaker of the House of
Representatives**

Approved May 4, 2023 4:02 PM with the
exception of section 1, which is
vetoed.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of
the Senate of the State of
Washington, do hereby certify that
the attached is **SECOND SUBSTITUTE
SENATE BILL 5269** as passed by the
Senate and the House of
Representatives on the dates hereon
set forth.

SARAH BANNISTER

Secretary

FILED

May 5, 2023

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 5269

AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Shewmake, Keiser, Nguyen, Randall, Valdez, and Wellman)

READ FIRST TIME 02/24/23.

1 AN ACT Relating to transforming and growing Washington state
2 manufacturing; adding a new section to chapter 43.330 RCW; and
3 creating new sections.

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

5 ****NEW SECTION. Sec. 1. The legislature finds and declares that:***

6 ***(1) In 2021, Washington state set an aspirational goal in statute***
7 ***to double manufacturing jobs, firms, and the participation of women***
8 ***and minorities in the ownership of manufacturing firms. To create and***
9 ***maintain unity around the state manufacturing growth target, chapter***
10 ***64, Laws of 2021 sought to foster a partnership between business and***
11 ***labor. It established a manufacturing council with membership that***
12 ***was intentionally balanced equally between business and labor and***
13 ***represented the geographic and demographic diversity of the state.***
14 ***The manufacturing council was tasked with advising the department of***
15 ***commerce on policy recommendations to strengthen the manufacturing***
16 ***sector by 2030 and submitting reports to the legislature every two***
17 ***years containing those recommendations.***

18 ***(2) The legislature intends for an independent assessment of***
19 ***growth opportunities in clean manufacturing to be considered by the***
20 ***manufacturing council. Furthermore, the legislature intends that a***
21 ***state industrial strategy that incorporates any input from the***

1 independent assessment not be published in any form or considered the
2 state strategy until there is consensus of the manufacturing council
3 on the recommendations and policies to be included in that strategy.

4 (3) Washington state, with its strong climate commitments, highly
5 skilled workforce, and existing world-class manufacturing base is
6 well positioned to be a global leader in clean manufacturing.

7 (4) A strong state and domestic manufacturing sector can provide
8 stable, high-wage jobs and is a prerequisite to achieving Washington
9 state's statutory commitment to net zero greenhouse gas emissions by
10 2050.

11 (5) All Washingtonians deserve the opportunity of a high-road
12 manufacturing career. In building the Washington manufacturing
13 workforce pipeline, the state should fully leverage the transferable
14 skills of our existing manufacturing workforce and develop a
15 comprehensive, in-state pipeline with wraparound services and
16 equitable opportunities to ensure that every Washingtonian has a fair
17 shake at a manufacturing career and intergenerational well-being and
18 career growth opportunities.

19 (6) A holistic and coordinated state industrial strategy that
20 seeks simultaneously to transform and revitalize Washington state's
21 manufacturing base is vital to prevent the leakage of jobs and carbon
22 pollution.

23 (7) Washington has demonstrated a deep commitment to growing
24 manufacturing. In 2021, the legislature set a goal of doubling the
25 state's manufacturing base over 10 years. In 2022, the legislature
26 created tax incentives and updated siting and permitting practices to
27 accelerate the in-state production of clean energy product
28 manufacturing. Developing a statewide industrial strategy is an
29 important complement to accelerate progress and maximize the benefit
30 of new tax incentives and siting and permitting practices.

31 (8) The bipartisan infrastructure act and inflation reduction act
32 present a once in a generation opportunity to rapidly transform and
33 grow Washington's manufacturing base in a way that advances the
34 state's climate goals. The state has an important role to play in
35 ensuring that Washington fully leverages federal funding
36 opportunities and that the benefits are shared equitably.

37 (9) Washington must take steps to ensure that the transformation
38 and growth of the state's manufacturing base simultaneously addresses
39 and does not contribute to the disproportionate burden of pollution
40 on overburdened communities.

**Sec. 1 was vetoed. See message at end of chapter.*

1 NEW SECTION. **Sec. 2.** (1) The department of commerce must
2 perform an independent assessment of opportunities for Washington to
3 capture new and emerging industries that align with statewide
4 greenhouse gas reduction limits and strengthen its existing
5 manufacturing base. By October 1, 2024, and in compliance with RCW
6 43.01.036, the department of commerce shall submit the independent
7 assessment to the appropriate committees of the legislature, and
8 shall submit the assessment to the state manufacturing council
9 established in RCW 43.330.762.

10 (2) By June 1, 2025, the department of commerce must develop a
11 proactive state industrial strategy that seeks to strengthen and
12 transform Washington's existing manufacturing base and capture new
13 and emerging industries. The strategy should be informed by the
14 independent assessment required by subsection (1) of this section.
15 The manufacturing council convened pursuant to RCW 43.330.762 shall
16 advise and consult on the development of the strategy.

17 (3) The independent assessment must include, but is not limited
18 to:

19 (a) Assessing how the transition to net-zero emissions by 2050
20 will impact the potential futures of manufacturing in Washington,
21 including identifying specific opportunities for Washington to
22 actively seek investment in new and emerging industries and to
23 transform and strengthen the state's existing manufacturing base to
24 meet the needs of a net-zero economy, taking into account the
25 Washington's existing key sectors, job quality, and regional
26 diversity;

27 (b) Assessing the needs of Washington's existing manufacturers,
28 including supply chain challenges and resources required to meet the
29 statutory greenhouse gas emissions reductions in RCW 70A.45.020;

30 (c) Identifying opportunities to build and maximize the
31 environmental and economic benefits of a circular economy for both
32 new and existing industries in building out and strengthening
33 Washington's manufacturing base;

34 (d) Identifying what is required to attract new private
35 investment and transform and strengthen Washington's existing
36 manufacturing base, including needs related to:

37 (i) Transportation and port infrastructure;

38 (ii) Supply chains;

1 (iii) Workforce; and

2 (iv) Energy;

3 (e) Identifying opportunities to support minority and women-owned
4 firms and small and medium-sized firms in capturing new and emerging
5 industries;

6 (f) Identifying existing and potential future gaps in the state's
7 manufacturing sector that inhibit in-state manufacturers from
8 producing the necessary goods, services, and infrastructure to
9 transition to the net-zero economy and attract new investment in the
10 state to accelerate the in-state production of clean energy product
11 manufacturing; and

12 (g) Evaluating opportunities for the state's use of public
13 ownership investment in developed and emerging manufacturing
14 industries to address the existing and potential future gaps
15 identified in (f) of this subsection. This evaluation shall provide
16 recommendations on the highest and best uses of public resources as
17 part of the state industrial strategy as provided in subsection (2)
18 of this section.

19 (4) The workforce assessment referenced in subsection (3)(d)(iii)
20 of this section should: (a) Catalogue and examine how to maximize the
21 use of the existing manufacturing workforce's transferable skills;
22 (b) address any remaining skills gaps and identify opportunities to
23 build a manufacturing workforce pipeline that ensures all current and
24 future Washingtonians have fair access to a manufacturing career by
25 sector; and (c) ensure equitable and accessible pathways and
26 advancement opportunities in manufacturing by sector.

27 (5) The energy assessment referenced in subsection (3)(d)(iv) of
28 this section should include the quantity, price, and location of
29 electricity necessary to decarbonize and grow Washington's existing
30 manufacturing base and capture new and emerging industries.

31 (6) The independent assessment will not replace but may inform
32 the work of the manufacturing council created in RCW 43.330.762 to
33 advise and consult on the department of commerce's recommendations to
34 achieve the goals established in RCW 43.330.760.

35 NEW SECTION. **Sec. 3.** (1) The department of commerce must
36 appoint an industrial policy advisor to ensure that Washington state
37 fully leverages available federal funding for manufacturing to meet
38 the state's economic development goals in RCW 43.330.760 and the
39 statutory greenhouse gas emissions reductions in RCW 70A.45.020 and

1 guide the implementation of the state industrial strategy created
2 pursuant to section 2 of this act.

3 (2) The industrial policy advisor must:

4 (a) Track federal and other funding opportunities to transform
5 and strengthen existing Washington manufacturers and promote the
6 growth of new and emerging industries;

7 (b) Alert Washington manufacturers to relevant federal and other
8 funding opportunities;

9 (c) Support Washington manufacturers in applying for federal and
10 other funding opportunities and in completing required reporting;

11 (d) Work to ensure that Washington's pursuit of its goals in RCW
12 43.330.760 and 70A.45.020 are aligned and mutually reinforcing;

13 (e) Foster interagency and coordination and collaboration,
14 including with the department of commerce sector leads, on
15 manufacturing-related policymaking and activities, including both
16 climate and economic development manufacturing-related policymaking;

17 (f) Coordinate with the workforce innovation sector lead,
18 particularly with respect to building the manufacturing workforce
19 pipeline; and

20 (g) Provide quarterly reports to the manufacturing council
21 created in RCW 43.330.762.

22 (3) The industry policy advisor may also:

23 (a) Form expert committees with industry representatives to
24 develop sector-specific strategies for attracting new investment and
25 transforming and strengthening existing manufacturing consistent with
26 the industrial strategy created pursuant to section 2 of this act;

27 (b) Assist local governments with economic plans to attract new
28 investment and transform and strengthen existing manufacturing
29 consistent with the industrial strategy created pursuant to section 2
30 of this act; and

31 (c) Support communities negatively impacted by the closure or
32 relocation of manufacturing facilities by supporting efforts to
33 attract new investment consistent with the industrial strategy
34 created pursuant to section 2 of this act and facilitate the movement
35 of existing skilled manufacturing workers into new industrial
36 sectors.

37 NEW SECTION. **Sec. 4.** This act may be known and cited as the
38 Washington clean manufacturing leadership act.

1 NEW SECTION. **Sec. 5.** Section 2 of this act is added to chapter
2 43.330 RCW and codified with the subchapter heading of "MANUFACTURING
3 AND RESEARCH AND DEVELOPMENT SECTOR PROMOTION."

 Passed by the Senate April 14, 2023.

 Passed by the House April 6, 2023.

 Approved by the Governor May 4, 2023, with the exception of
certain items that were vetoed.

 Filed in Office of Secretary of State May 5, 2023.

 Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 1, Second
Substitute Senate Bill No. 5269 entitled:

 "AN ACT Relating to transforming and growing Washington state
manufacturing."

I am vetoing Section 1, the intent section, because it includes
language that conflicts with the direction to Department of Commerce
in the body of the bill about engaging the manufacturing council in
the development of the state's industrial policy.

For these reasons I have vetoed Section 1 of Second Substitute Senate
Bill No. 5269.

With the exception of Section 1, Second Substitute Senate Bill No.
5269 is approved."

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