

SENATE BILL REPORT

SB 6470

As Reported By Senate Committee On:
International Trade & Economic Development, January 31, 2006

Title: An act relating to assisting small manufacturers.

Brief Description: Creating Washington manufacturing services in statute.

Sponsors: Senators Shin, Deccio, Schmidt, Sheldon, Jacobsen, Rasmussen and Mulliken.

Brief History:

Committee Activity: International Trade & Economic Development: 1/19/06, 1/31/06
[DPS, DNP].

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6470 be substituted therefor, and the substitute bill do pass.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Doumit, Eide, Roach and Zarelli.

Minority Report: Do not pass.

Signed by Senator Pflug, Ranking Minority Member.

Staff: Jack Brummel (786-7428)

Background: Manufacturing represents 14 percent of all employment in Washington, 16 percent of wages, and 17 percent of the state's business and occupation tax revenue, contributing about \$27 billion to Washington's gross state product. Almost half of the manufacturers in the state have fewer than 250 employees. The competitiveness of larger manufacturers often depends on smaller manufacturers, which generate more than half of all innovations in the economy and account for more than half of the net job creation annually.

Washington Manufacturing Services (WMS) was formed in 1997 as a not-for-profit organization affiliated with the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership. WMS works with smaller manufacturers to increase their competitiveness. Federal funding for the program is contingent on the receipt of state matching funds and private funds. WMS believes that by having statutory authorization for its operations, as exists in other states, it will be easier to garner needed state and federal funds.

Summary of Substitute Bill: Washington Manufacturing Services is organized as a private, nonprofit corporation to operate a modernization extension system, coordinate modernization resources, and stimulate the competitiveness of small and midsize manufacturers. A majority of the WMS board of directors are to be representatives of small and medium-sized manufacturing firms and industry associations. Representatives of labor and state agencies are also to serve on the board.

WMS may charge fees for services and receive funds from private and public sources. WMS is to assist in the modernization of businesses and provide technical assistance in advanced management practices, mechanisms for interfirm collaboration, choosing technologies and processes that improve quality and productivity, and product development. WMS is also to assist in improving financial skills and human resource and training systems.

Substitute Bill Compared to Original Bill: The substitute removes an appropriation of Four hundred thousand dollars and removes sections with language relating to CTED's obligations vis a vis WMS.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Most states have recognized organizations similar to WMS in statute. The gap in funding at the state level prevents WMS from drawing down all the federal funds it is eligible for. The money in the bill is directed at the smallest manufacturers, those most in need. WMS becomes the market coordinator for technical assistance to smaller manufacturers.

Testimony Against: None.

Who Testified: PRO: John Vicklund, WMS.