

SENATE BILL REPORT

SB 6678

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 1, 2010
Ways & Means, February 9, 2010

Title: An act relating to the creation of entities to address the long- range impact of opportunities and changes in the aerospace industry.

Brief Description: Concerning the creation of entities to address the long-range impact of opportunities and changes in the aerospace industry.

Sponsors: Senators Hobbs, Kilmer, Marr, Berkey, Tom and Shin.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/28/10, 2/01/10 [DPS-WM].

Ways & Means: 2/05/10, 2/08/10, 2/09/10 [DP2S].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 6678 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

Staff: Karen Campbell (786-7448)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6678 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore and Regala.

Staff: Tim Yowell (786-7435)

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.

Background: The Washington Council on Aerospace issued a report on January 1, 2010, outlining the importance of the aerospace industry to Washington. The aerospace accounts for \$36 billion in economic value to Washington. There are roughly 160 aerospace related activities in Washington State specializing exclusively in aerospace. In 2008 employment in the aerospace sector averaged more than 82,000 workers, equal to roughly one sixth of all aerospace workers in the United States. Advocates for the aerospace industry believe that a skilled and educated workforce is necessary to the continued growth of the technology driven aerospace industry throughout the state.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Second Substitute): I. Washington State Aerospace Training and Coordination Institute. To the extent that funds are appropriated or otherwise available for this purpose, a Washington state aerospace training and coordination institute is created to enhance the vitality of the aerospace industry by improving the state's aerospace training, education, research, and development programs. The institute is to coordinate and develop curricula for schools and programs that provide aerospace workforce education and training.

The institute must be headquartered in Snohomish County and overseen by a board of advisors. The members of the advisory board will consist of representatives from both aerospace and higher education fields. The duties of the board include:

- developing a comprehensive plan on aerospace training and education programs;
- evaluating training programs and research efforts;
- completing an inventory of the training programs and research efforts;
- developing a program, in partnership with the Office of Superintendent of Public Instruction, that will generate interest and prepare students for postsecondary careers in the aerospace industry; and
- producing a biennial report to the Governor and the Legislature on the institute's progress in evaluating the state's aerospace training programs.

The board must employ an executive director. The director will employ staff to carry out the functions of the institute.

A Washington aerospace futures account is created. The Governor may authorize expenditures from the account for the purpose of statewide aerospace workforce and industry development, including programs and activities related to workforce training, education, research, development, and aerospace industry retention and expansion.

II. Center for Aerospace Technology Innovation. To the extent that funds are appropriated or otherwise available for this purpose, a center for aerospace technology innovation is created, headquartered at the UW (UW), to lead a collaborative effort between the state's universities, private industry, and government for the aerospace industry. The center must:

- perform and/or facilitate research supportive of state science and technology objectives as they relate to aerospace;
- provide collaborative research in the aerospace field;
- develop out of state support for the center's research activities; and

- provide a venue for productive interaction between the state's academic research institutions and the aerospace industry.

The center will be overseen by a board of directors consisting of two representatives from the aerospace industry, the Director of the Department of Commerce; and the provosts, or their designated representatives, from the UW and Washington State University (WSU). The board members are appointed by the Governor. The duties of the board include:

- establishing criteria for the selection of research projects to be supported by the center;
- approving and allocating funding for research projects conducted by the center;
- providing annual progress reports on the funded research projects; and
- completing biennial reports to the Governor and the Legislature concerning the center's overall performance.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): The Training Institute and the Center for Technology Innovation are established when state funds are appropriated or other funds are available for those purposes. A new sales tax rebate on the purchase, installation, and repair of aerospace research equipment by public four year universities is dropped from the bill.

Appropriation: For the fiscal year ending June 30, 2010, \$3 million is appropriated from the general fund to the UW.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony Recommended First Substitute (Economic Development, Trade & Innovation): PRO: Students are not being trained for the needs of the aerospace industry. To remedy this problem, it is important that the aerospace industry have input as to how students are trained so that their skills are aligned with industry demand.

CON: The intent of the bill is worthy of support. The needs of the aerospace industry should be advanced. However, many portions of the bill are redundant to services that are already being provided such as Centers for Excellence. These centers are geared toward aerospace and composite manufacturing and are part of the community college curricula in the Everett and Edmonds areas.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Senator Hobbs, prime sponsor.

CON: Jim Crab, Director, WorkForce Education, State Board for Community and Technical Colleges.

Staff Summary of Public Testimony Recommended First Substitute (Ways & Means):

PRO: This bill implements the recommendations of the Washington Council on Aerospace. The aerospace industry is a prime driver of the state's economy. The expansion of collaborative research and training efforts initiated by the legislation will help make Washington a place where that industry continues to thrive.

Persons Testifying (Ways & Means): PRO: Senator Hobbs, prime sponsor; Margaret Shepherd, UW.