
SUBSTITUTE SENATE BILL 6510

State of Washington

60th Legislature

2008 Regular Session

By Senate Ways & Means (originally sponsored by Senators Kastama, King, Shin, and Rasmussen)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to providing a source of funding to assist small
2 manufacturers in obtaining innovation and modernization services; and
3 adding a new chapter to Title 43 RCW.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that a viable
6 manufacturing industry is critical to providing the state economy with
7 family-wage jobs and improving the quality of life for workers and
8 communities. To perform in the emerging global marketplace, Washington
9 manufacturers must master new technologies, streamline production
10 processes, improve quality assurance, expand environmental compliance,
11 and enhance methods of work organization. Only through innovation and
12 modernization techniques, reflecting the specific needs and
13 capabilities of the individual firms, can Washington manufacturers both
14 compete successfully in the market of the future and pay good living
15 wages.

16 Most small and midsize manufacturers do not have the resources that
17 will allow them to easily access innovation and modernization technical
18 assistance and the skills training needed to make them globally
19 competitive. Because of the statewide public benefit to be gained from

1 increasing the availability of innovation and modernization services,
2 it is the intent of the legislature to create a new mechanism in a
3 manner that reduces the up-front costs of these services for small and
4 midsize manufacturing firms. It is further the intent of the
5 legislature that Washington state increase its support for the federal
6 manufacturing extension partnership program, to expand the delivery of
7 innovation and modernization services to small and midsize Washington
8 manufacturers, and to leverage federal funding and private resources
9 devoted to such efforts.

10 The successful implementation of innovation and modernization
11 services will enable a manufacturing firm to reduce costs, increase
12 sales, become more profitable, and ultimately expand job opportunities
13 for Washington citizens.

14 NEW SECTION. **Sec. 2.** The definitions in this section apply
15 throughout this chapter unless the context clearly requires otherwise.

16 (1) "Board" means the community economic revitalization board.

17 (2) "Costs of extension services" and "extension service costs"
18 mean the direct costs experienced under a contract with a qualified
19 manufacturing extension partnership affiliate for modernization
20 extension services, including but not limited to amounts in the
21 contract for costs of consulting, instruction, materials, equipment,
22 rental of class space, marketing, and overhead.

23 (3) "Department" means the department of community, trade, and
24 economic development.

25 (4) "Director" means the director of the department of community,
26 trade, and economic development.

27 (5) "Innovation and modernization extension voucher" and "voucher"
28 mean an instrument issued to a successful applicant from the board,
29 verifying that funds from the manufacturing innovation and
30 modernization account will be forwarded to the qualified manufacturing
31 extension partnership affiliate selected by the participant and will
32 cover identified costs of extension services.

33 (6) "Innovation and modernization extension services" and "service"
34 mean a service funded under this chapter and performed by a qualified
35 manufacturing extension partnership affiliate. The services may
36 include but are not limited to strategic planning, continuous
37 improvement, business development, six sigma, quality improvement,

1 environmental health and safety, lean processes, energy management,
2 innovation and product development, human resources and training,
3 supply chain management, and project management.

4 (7) "Outreach services" means those activities performed by an
5 affiliate to either assess the technical assistance needs of Washington
6 manufacturers or increase manufacturers' awareness of the opportunities
7 and benefits of implementing cutting edge technology, techniques, and
8 best practices. "Outreach services" includes but is not limited to
9 salaries of outreach staff, needs assessments, client follow-up, public
10 educational events, manufacturing orientated trade shows, electronic
11 communications, newsletters, advertising, direct mail efforts, and
12 contacting business organizations for names of manufacturers who might
13 need assistance.

14 (8) "Program" means the Washington manufacturing innovation and
15 modernization extension service program created in section 3 of this
16 act.

17 (9) "Program participant" and "participant" mean an applicant for
18 assistance under the program that has received a voucher or a small
19 manufacturer receiving services through an industry association or
20 cluster association that has received a voucher.

21 (10) "Qualified manufacturing extension partnership affiliate" and
22 "affiliate" mean a private nonprofit organization established under RCW
23 24.50.010 or other organization that is eligible or certified to
24 receive federal matching funds from the national institute of standards
25 and technology manufacturing extension partnership program of the
26 United States department of commerce, and that has entered into an
27 agreement with the board that it will pay for its proportionate share
28 of the board's costs for administering the program created in section
29 3 of this act.

30 (11) "Small manufacturer" means a private employer whose primary
31 business is adding value to a product through a manufacturing process
32 and employs one hundred or fewer employees within Washington state.

33 NEW SECTION. **Sec. 3.** (1) The Washington manufacturing innovation
34 and modernization extension service program is created to provide
35 assistance to small manufacturers located in the state of Washington.
36 The program shall be administered by the board.

1 (2)(a) Application to receive assistance under this program must be
2 made to the board in a form and manner specified by the board.
3 Successful applicants will receive an innovation and modernization
4 extension voucher from the board to cover the costs of extension
5 services performed by a qualified manufacturing extension partnership
6 affiliate. An applicant may not receive a voucher or vouchers of over
7 two hundred thousand dollars per calendar year. The board shall only
8 allocate up to sixty percent of available funding during the first year
9 of a biennium.

10 (b) Applicants must:

11 (i) Have a valid agreement with a qualified manufacturing extension
12 partnership affiliate to engage in innovation and modernization
13 extension services;

14 (ii) Agree to: (A) Make a contribution to the manufacturing
15 innovation and modernization account created in section 5 of this act,
16 in an amount equal to twenty-five percent of the amount of the
17 innovation and modernization extension voucher, upon completion of the
18 innovation and modernization extension service; and (B) make monthly or
19 quarterly contributions over the subsequent eighteen months, as
20 specified in their agreement with the affiliate, to the manufacturing
21 innovation and modernization account created in section 5 of this act
22 in an amount equal to eighty percent of the amount of the innovation
23 and modernization extension voucher;

24 (iii) Be a small manufacturer or an industry association or cluster
25 association at the time the applicant entered into an agreement with a
26 qualified manufacturing extension partnership affiliate; and

27 (iv) If a small manufacturer, ensure that the number of employees
28 the applicant has in the state during the calendar year following the
29 completion of the program will be equal to or greater than the number
30 of employees the applicant had in the state in the calendar year
31 preceding the start of the program.

32 (3) The director may solicit and receive gifts, grants, funds,
33 fees, and endowments, in trust or otherwise, from tribal, local,
34 federal, or other governmental entities, as well as private sources,
35 for the purpose of providing funding for the innovation and
36 modernization extension services and outreach services specified in
37 this chapter. All revenue solicited and received by the department

1 pursuant to this subsection must be deposited into the manufacturing
2 innovation and modernization account created in section 5 of this act.

3 (4) The board may adopt rules to implement this section.

4 (5) Any qualified manufacturing extension partnership affiliate
5 receiving funding under this program is required to submit a copy of
6 its annual independent federal audit to the board within three months
7 of its issuance.

8 NEW SECTION. **Sec. 4.** This chapter, being necessary for the
9 welfare of the state and its inhabitants, shall be liberally construed
10 to effect its purposes. Insofar as the provisions of this chapter are
11 inconsistent with the provisions of any general or special law, or
12 parts thereof, the provisions of this chapter shall be controlling.

13 NEW SECTION. **Sec. 5.** (1) The manufacturing innovation and
14 modernization account is created in the custody of the state treasurer.
15 Only the director may authorize expenditures from the account and no
16 appropriation is required for expenditures.

17 (2) The money in the account must be used solely for funding
18 activities of the Washington manufacturing innovation and modernization
19 extension services program created in section 3 of this act.

20 (3) Annually, the director shall award an amount, not to exceed one
21 hundred thousand dollars per year, from the innovation and
22 manufacturing modernization account to qualified manufacturing
23 extension partnership affiliates for the purpose of conducting outreach
24 services; however, beginning in fiscal year 2013, the outreach award is
25 subject to a fifty percent match of private funds.

26 (4) When an affiliate submits an innovation and modernization
27 extension voucher for payment, the director shall make a payment to the
28 qualified manufacturing extension partnership affiliate chosen by the
29 program participant in an amount equal to the full costs of extension
30 services.

31 (5) All payments by a program participant in the Washington
32 manufacturing innovation and modernization extension services program
33 created in section 3 of this act shall be deposited into the
34 manufacturing innovation and modernization account. The deposit of
35 payments under this section from a program participant cease when the

1 department specifies that the program participant has met the monetary
2 contribution obligations of the program.

3 (6) All revenue solicited and received under the provisions of
4 section 3(3) of this act shall be deposited into the manufacturing
5 innovation and modernization account.

6 (7) The legislature intends that all payments from the
7 manufacturing innovation and modernization account made to qualified
8 manufacturing extension partnership affiliates will be eligible as the
9 state match in an affiliate's application for federal matching funds
10 under the manufacturing extension partnership program of the United
11 States department of commerce's national institute of standards and
12 technology.

13 NEW SECTION. **Sec. 6.** If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 remainder of the act or the application of the provision to other
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act constitute
18 a new chapter in Title 43 RCW.

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