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**SECOND SUBSTITUTE SENATE BILL 5269**

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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1 independent assessment not be published in any form or considered the  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.

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;

39        (iii) Workforce; and

40        (iv) Energy;

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

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

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

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

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

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

33 NEW SECTION. **Sec. 3.** (1) The department of commerce must  
34 appoint an industrial policy advisor to ensure that Washington state  
35 fully leverages available federal funding for manufacturing to meet  
36 the state's economic development goals in RCW 43.330.760 and the  
37 statutory greenhouse gas emissions reductions in RCW 70A.45.020 and  
38 guide the implementation of the state industrial strategy created  
39 pursuant to section 2 of this act.

1 (2) The industrial policy advisor must:

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

5 (b) Alert Washington manufacturers to relevant federal and other  
6 funding opportunities;

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

9 (d) Work to ensure that Washington's pursuit of its goals in RCW  
10 43.330.760 and 70A.45.020 are aligned and mutually reinforcing;

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

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

18 (g) Provide quarterly reports to the manufacturing council  
19 created in RCW 43.330.762.

20 (3) The industry policy advisor may also:

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

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

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

35 NEW SECTION. **Sec. 4.** This act may be known and cited as the  
36 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."

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