

# **THE JOINT LEGISLATIVE TASK FORCE ON THE ECONOMIC RESILIENCE OF MARITIME AND MANUFACTURING IN WASHINGTON**

**FINAL REPORT**

Submitted to the Governor and the Legislature  
June 1, 2016

## EXECUTIVE SUMMARY

The Joint Legislative Task Force on the Economic Resilience of Maritime and Manufacturing in Washington (Task Force) was established by E2SHB 2580 (C 127 L 14). The purpose of the Task Force is to develop recommendations that achieve several objectives enumerated in the enabling legislation related to sustaining the maritime and manufacturing industry sectors that support Washington's trade-based economy, which generate \$30 billion annually for Washington State<sup>1</sup>.

The recommendations of the Task Force must include short and long-term action plans for the Legislature to support and sustain the maritime industry and other manufacturing sectors in the state. The Task Force may also provide specific legislative approaches and non-legislative approaches. To assist in developing the action plans, the Task Force co-chairs appointed an Advisory Committee consisting of maritime and manufacturing business, labor, career and technical education, environmental and other stakeholders from these diverse sectors.

The Task Force met three times during the 2014 interim and twice during the 2015 interim. The two meetings in 2015 were held at the Port of Bremerton and the Port of Seattle's Fishermen's Terminal in the Ballard-Interbay Manufacturing Industrial Center. All of the meetings were conducted in a public meeting forum with public testimony. The off-site meetings at the ports of Bremerton and Seattle also included tours of shipyards, ship-building companies, a seafood processor, manufacturing industrial parks, and the North Pacific Fishing Fleet's homeport.

As required by its enabling legislation, the Task Force has developed both short-term and long-term action plans, which include both legislative and non-legislative approaches. In developing these plans, the Task Force considered recommendations from both the Advisory Committee and from public testimony, as well as several seminal pieces of legislation that were passed during the 2014-2015 and 2016 legislative sessions.

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### ***2.3 Short-Term Action Plan (JUNE 2016 - DECEMBER 2017)***

In order to build on the progress made during the 2015 and 2016 legislative sessions, as articulated above, the following actions shall be pursued in the short-term:

#### **Legislative Actions**

- Develop a legislative “state economic resilience” rating and map to provide to city and county councils with port districts and/or manufacturing industrial centers in their jurisdictions. This rating system will describe for these local officials the state-wide economic impacts of port districts, maritime and manufacturing industries, and industrial lands located within their jurisdictions. The map will illustrate current locations of industrial lands within city and county boundaries and the ownership of those lands (city/county/state/federal or private).

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<sup>1</sup> "[Washington State Maritime Cluster Economic Impact Study](#)," November 2013, prepared for the Economic Development Council of Seattle and King County and the Workforce Development Council of Seattle and King County, with support from the Puget Sound Regional Council, prepared by Community Attributes Inc.

*Maritime and Manufacturing Final Report*                      May 2016

- Working with the appropriate House and Senate K-12 and Higher Education committees, develop in coordination with the Office of Superintendent of Public Instruction, State Board of Community and Technical Colleges, State Workforce Development Board, the Washington Student Achievement Council, the Department of Labor and Industries, the U.S. Navy, and the Puget Sound Naval Shipyard a summary of all the K-12 and higher education maritime- and manufacturing-related educational and trades programs currently funded and identify labor union and non-union training, apprenticeship, and work-based learning programs, which schools districts or higher education institutions offer them, and whether there are partnerships with private industry, private non-profit groups, and public sector (local/state/federal) organizations.
- Develop a matrix of legislation passed since 2014 related to Maritime and Manufacturing Economic Resilience investments, and a matrix of legislation introduced since 2014 related to Maritime and Manufacturing Economic Resilience investments, and identify legislative priorities for the 2017-2019 biennium including support for commercial and sport fishing, shipbuilding and ship repair, stevedoring, manufacturing, and preservation of industrial lands.
- Identify potential risks to commercial fishing and aquaculture sectors such as reduced fish populations or polluted shellfish beds that may result from natural or man-made disasters that have affected other fishing and shellfish markets nationally, including overfishing or damage to marine ecosystems from ocean acidification, pollutants, hypoxia, eutrophication, and oil spills.

### Non-Legislative Actions

- Work with the Departments of Commerce and Ecology and other executive agencies, as appropriate, to identify all the facilities state-wide that: are defined as “Essential Public Facilities” in the Growth Management Act<sup>2</sup>; require shoreline access and industrially-zoned lands to perform their core economic development mission; and are located in currently designated manufacturing industrial centers.
- Convene a public forum with elected and appointed representatives from state and local agencies with policy and legislative authority affecting facilities designated as “Essential Public Facilities” in the Growth Management Act, and develop a work plan for a shared Economic Resilience Strategy 2021.
- Enhance the career and technical education (CTE) pipeline to connect Washington students to Washington-based employment opportunities in manufacturing and the maritime sector. Appropriate agencies of state government and the relevant committees of the Legislature

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<sup>2</sup> The comprehensive plan of each county and city that is planning under RCW [36.70A.040](#) (the Growth Management Act or GMA) must include a process for identifying and siting essential public facilities. "Essential public facilities" include those facilities that are typically difficult to site, such as airports, state education facilities and state or regional transportation facilities as defined in RCW [47.06.140](#). WSDOT, in cooperation with regional, local and private transportation agencies, is required to plan for improvements to these facilities in the statewide multimodal plan. State law declares improvements to facilities and services of statewide significance identified in the statewide multimodal plan to be essential state public facilities under the GMA. ***Please see the [final report of the Governor's Container Ports Initiative \(January 2009\)](#) for more information on ports and "essential public facilities."***

should cooperate in the short term to formulate policies directly aimed at this effort.

- Commit to performance improvements in the timeliness of issuance of business permits consistent with the goals and data being collected by the Governor's Office for Regulatory Innovation and Assistance pursuant to Chapter 68, Laws of 2014 (E2SHB 2192 Promoting economic development through enhancing transparency and predictability of state agency permitting and review processes). Engage in further dialogue about regulatory reform, streamlined permitting, and other related practices that address the challenges and risks faced by maritime facilities and manufacturers that choose to locate or expand their footprint in Washington to inform additional public policy action.
- Review the recommendations made by the Joint Transportation Committee study contained in the 2015-17 Transportation Budget to identify prominent road-rail conflicts, recommend a corridor-based prioritization process for addressing the impacts of projected increases in rail traffic, and identify areas of state public policy interest, such as the critical role of freight movement to the Washington economy and the state's competitiveness in world trade.

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#### ***2.4 Long-Term Action Plan (JANUARY 2018 - JUNE 2021)***

- Establish in legislation the Economic Resilience Strategy to develop policies and regulations in cooperation with state and local jurisdictions in order to protect those essential public facilities deemed to have strategic significance to Washington's economic resilience.
- Create the "WA Economic Resilience of Maritime and Manufacturing Matrix" to track legislative actions and executive policies at the federal (such as the Harbor Maintenance Tax) and state levels that affect the global competitiveness of the State's maritime and manufacturing industrial base. The matrix should identify strengths, weaknesses, opportunities, and threats to the sustainability and growth of maritime and manufacturing jobs and industries through 2025, including such factors as: career and technical educational opportunities in middle and high schools, community and technical colleges, public four-year institutions of higher education, and apprentice programs; population growth in urban areas and associated impacts on industrial lands designated for heavy and light manufacturing; pollution and habitat losses affecting commercial fisheries and aquaculture; federal, state, and/or local policies that change the North Pacific Fisheries Management Council; changing trade laws affecting access to Arctic waters; and other factors as appropriate. Incorporate this matrix into the Washington Economic Resilience Strategy.
- Identify natural and man-made disasters that could seriously disrupt the natural resource base and critical land-based and sea-based infrastructure of our maritime, fishing, seafood, and manufacturing industries and the critical infrastructure necessary to sustain them, and assess the state-wide economic impacts in the event of a catastrophic loss to these sectors. Incorporate these analyses into an annual review of the Washington Economic Resilience Strategy.

- Develop strategies with the maritime and manufacturing industries and local and state agencies to assess economic recovery potentials following such catastrophic losses, and identify workforce retraining and educational investments that may help workers and communities transition to new economic opportunities.

## SEC. 1 THE JOINT LEGISLATIVE TASK FORCE ON THE ECONOMIC RESILIENCE OF MARITIME AND MANUFACTURING IN WASHINGTON

### *1.1 Background & Enabling Legislation*

The economic well-being of Washington requires state-of-the-art infrastructure, a highly trained workforce, and robust international trade. The maritime and manufacturing sectors are reliable sources of family wage jobs and provide support for the middle class and for a diverse economy.

The Joint Legislative Task Force on the Economic Resilience of Maritime and Manufacturing in Washington (Task Force) was established by E2SHB 2580 (C 127 L 14). The purpose of the Task Force is to develop recommendations that achieve the following objectives related to sustaining the maritime and manufacturing industry sectors that support Washington's trade-based economy, which generate \$30 billion annually for Washington State<sup>3</sup>:

- identify the maritime and manufacturing sectors of economic significance to the state;
- identify and assess the critical public infrastructure that supports and sustains the maritime and manufacturing sectors;
- identify the barriers to maintaining and expanding the maritime and manufacturing sectors;
- identify and assess the educational resources and support services available to local governments with respects to supporting and sustaining the development of the maritime and manufacturing sectors;
- promote regulatory consistency and certainty in the areas of urban planning, land use permitting, and business development in a manner that encourages the maritime and manufacturing industries in urban areas;
- encourage cooperation between the public and private sectors to foster economic growth;
- explore public-private sector collaborations that draw on Washington State's university research centers and institutes with expertise in maritime interoperability and critical infrastructure resilience<sup>4</sup>;
- identify aspects of state policy that have an impact on fostering resilience and growth in the maritime and manufacturing sectors, such as storm water policy and other food fish-related issues; and
- maximize the opportunities for employment in the maritime industry and other manufacturing sectors in Washington.

The recommendations of the Task Force must include short and long-term action plans for the Legislature to support and sustain the maritime industry and other manufacturing sectors in the state. The Task Force may also provide specific legislative approaches and non-legislative approaches. To assist

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<sup>3</sup> "[Washington State Maritime Cluster Economic Impact Study](#)," November 2013.

<sup>4</sup> While the bill refers to "Washington State University," the intent of the Legislature was to have the final enabling legislation for this Task Force to refer to "Washington State's university research centers and institutes," so as to include all state universities.

in developing the action plans, the Task Force co-chairs appointed an Advisory Committee<sup>5</sup> consisting of maritime and manufacturing business, labor, career and technical education, environmental, and other stakeholders from these diverse sectors.

The enabling legislation for the Task Force expires June 1, 2016.

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## **1.2 Task Force Membership**

The Task Force is comprised of three members from each of the two largest caucuses of the House of Representatives and of the Senate, and one member appointed by the Governor from the Department of Commerce. The following persons have been appointed to the Committee:

House of Representatives:

- Representative Gael Tarleton (Co-Chair)
- Representative Judy Clibborn
- Representative Jake Fey
- Representative Drew MacEwen
- Representative Norma Smith
- Representative Jesse Young

Senate:

- Senator Maralyn Chase (Co-Chair) (replaced Senator Christine Rolfes in 2015)
- Senator Jan Angel
- Senator Jeanne Kohl-Welles (replaced by Senator Christine Rolfes in 2015)
- Senator Marko Liias
- Senator Ann Rivers

Executive Branch:

- Steve Sewell, Department of Commerce (replaced by Joshua Berger in 2016)

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## **1.3 Task Force Work Schedule**

The Task Force met three times during the 2014 interim and twice during the 2015 interim. The two meetings in 2015 were held at the Port of Bremerton and the Port of Seattle's Fishermen's Terminal in the Ballard-Interbay Manufacturing Industrial Center. All of the meetings were conducted in a public meeting forum with public testimony. The off-site meetings at the ports of Bremerton and Seattle also included tours of shipyards, ship-building companies, a seafood processor, manufacturing industrial parks, and the North Pacific Fishing Fleet's homeport.

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<sup>5</sup> See Appendix B for Advisory Committee members.

Timeframe	Tasks
<b>2014</b>	
July 2014	Task Force organizational meeting, elect Co-Chairs
September 2014	Task Force meeting, Advisory Committee established, draft work plan development
November 2014	Task Force meeting, established deadline of December 1, 2014 for final work plan
<b>2015</b>	
September 2015	Bremerton tour/Task Force meeting
September 2015	Ballard tour/Task Force meeting
October 2015	Draft recommendations and findings due

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#### ***1.4 Task Force Approval of Final Report and Recommendations***

On Monday, May 9, 2016, the Task Force held its final meeting to approve this final report and the Task Force's recommendations. The following Task Force members were in attendance:

- Senator Maralyn Chase (Co-Chair)
- Representative Gael Tarleton (Co-Chair)
- Representative Jake Fey
- Representative Drew MacEwen
- Representative Jesse Young
- Senator Jan Angel
- Senator Christine Rolfes
- Senator Ann Rivers
- Joshua Berger

Representative Judy Clibborn and Representative Norma Smith each indicated their approval of the final report and recommendations in writing.

The following actions were taken during the meeting:

- 9-0 approval of all amendments proposed; and
- 9-0 approval of the final report as amended.

Two members of the public testified: Gordon Baxter (Puget Sound Maritime Trades Council, AFL-CIO) and Cindy Zehnder (SSA Marine). See **Appendix C** for a digital copy of the meeting sign-in sheet.

A copy of the published meeting agenda is included below.

## Economic Resilience of Maritime and Manufacturing, Jt Legislative Task Force

### Weekly Meeting Notice

<b>HHR A</b> <b>John L. O'Brien Building</b>	<b>May 9, 2016</b> <b>MONDAY</b>	<b>10:00 a.m.</b>
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#### Agenda:

1. Review and approve the final report on the recommendations and action plans of the Task Force.
2. Public comment on the Task Force recommendations.

Meeting is scheduled to end at 12:00 p.m.

## SEC. 2 TASK FORCE RECOMMENDATIONS & ACTION PLANS

The Task Force has divided its recommendations for the objectives established in its enabling legislation into four overarching work areas:

- regulation;
- transportation and critical infrastructure;
- education and workforce training; and
- financing.

As required by its enabling legislation, the Task Force has developed both short-term and a long-term action plans, which include both legislative and non-legislative approaches. In developing these plans, the Task Force considered recommendations from both the Advisory Committee and from public testimony.

### *2.1 Recommendations from the Advisory Committee and Public Testimony*

#### **Advisory Committee**

##### *Regulation*

- Mike Moore (Pacific Merchant Shipping Association): Certainty of the regulatory environment is key to the maritime industry. The state should not be duplicating federal and international regulations at the state level. The permitting process under the State Environmental Policy Act should have a definite timeline and not be allowed to drag on. The state and industry should conduct a water quality assessment for the maritime industry in order to assess the impact of water quality regulations.

- John Lockwood (Vigor Industrial): Overlapping requirements at various levels of government are making it increasingly tough for maritime businesses to do business, e.g. the effort to establish a no discharge zone in Puget Sound. Targeted no-discharge zones are preferable.
- Peter Schrappen (NW Marine Trade Association): Washington has the toughest boatyard permit in the country. The Legislature should follow Governor Inslee's Blue Ribbon Parks and Outdoor Recreation action items relating to marine tourism and the recreational maritime industry.
- Dan McKisson (International Longshore and Warehouse Union): The state and local governments need to address the land use challenges that all ports face, including gentrification.
- Eugene Wasserman (North Seattle Industrial Association): Stormwater regulations, fish consumption rules, and local shoreline planning have all become sources of regulatory barriers to ports and other maritime and manufacturing entities.

#### *Transportation and Critical Infrastructure*

- Julie Collins (Port of Tacoma): Infrastructure projects such as HWY 167 and HWY 509 are critical to help close some of the competitive gaps that ports face.
- Eugene Wasserman (North Seattle Industrial Association): There should be more clarity from the state on how transportation dollars can be used around manufacturing and maritime issues. Money for freight needs to be used for freight.

#### *Education & Workforce Training*

- Dave Gering (Manufacturing Industrial Council): The state needs to train teachers to provide the kind of advice that used to be provided by in-school career counselors. Teachers need to be equipped with an understanding of the workforce needs of and the opportunities presented by the maritime and manufacturing industries. The Core Plus approach provides a model for successful workforce development.
- John Lockwood (Vigor Industrial): The Vigor/South Seattle College partnership is a model of a direct career pipeline that can be replicated with other college and industry partners.
- Berit Eriksson (Puget Sound Ports Council AFL-CIO): We need a statewide approach to workforce development that extends through post-secondary and secondary education.

#### *Financing*

- Berit Eriksson (Puget Sound Ports Council AFL-CIO): Local governments should not limit their workforce development strategies to the sectors that are directly identifiable by North American Industry Classification System (NAICS) codes. The NAICS codes developed by the federal government do not accurately reflect the maritime sector.
- John Lockwood (Vigor Industrial): The maritime and manufacturing industry would be well served by incentive programs to enable ship building in the state. There's a great opportunity for the recapitalization of the fishing fleet. The scrapping of nuclear-powered aircraft carriers also presents a tremendous opportunity for Washington state--however, industry needs the

Legislature's support to ensure that the private sector gets a portion of the work needed to scrap the aircraft carriers.

## **Public Testimony**

### *Regulation*

- Roy Runyon (former City of Bremerton councilmember): The enabling legislation for this Task Force doesn't mention working with the federal government, but the state needs to do so in order to establish a cohesive and consistent regulatory environment.

### *Transportation and Critical Infrastructure*

- Jerry McDonald (City of Bremerton councilmember): Airports should be included as critical infrastructure for ports due to their development potential.

### *Education & Workforce Training*

- Ralph Ibarra (Diverse America Network): Diverse populations, especially the armed service population, should be part of whatever recommendations the Task Force has going forward relating to the maritime sector.
- Mike Brennan (Workforce Training and Education Coordinating Board): Schools should designate morning periods for internships, rather than after school or over the weekend. The state should address the uncertainty around how high school and college students are insured for liability when they are on the work floor for their internship. Currently, each school district has to certify each employer for each internship experience; for example, in cities like Seattle and Spokane where you have multiple school districts, each district has to go out and certify businesses willing to host CTE internships. Schools need to start introducing CTE opportunities and stressing career development at the 8th grade level, because manufacturers and other employers that drug test their employees are having a difficult time identifying interested job applicants that can pass a drug test.

### *Financing*

- Sean Eagen (Northwest Seaport Alliance): Cargo needs to be able to come in and out of our ports, which requires a significant investment in our marine infrastructure and surface road and rail transportation network.

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## ***2.2 Final Task Force Recommendations***

The short-term and long-term action plans described in the next section reflect the recommendations, observations, and public testimonies taken from Task Force public meetings and discussions with Advisory Council members. In addition, these action plans are informed by additional legislation

introduced and/or signed into law subsequent to the passage of the Task Force's enabling legislation in April 2014:

- Engrossed Substitute House Bill 1170 became law in 2015. It established a "port public development authority" governed by the two elected commissions of the Ports of Seattle and Tacoma. This legislation authorizes the Ports of Seattle and Tacoma to establish a port public development authority in order to help Washington State compete for global trade. The two ports subsequently approved the creation of the Northwest Seaport Alliance to oversee the development of container terminals and critical infrastructure investments in facilities to attract the world's largest container ships to Puget Sound. The collaboration of these historically independent ports ensures that our deep-water ports are managed to support the state's trade-based economy for decades to come.
- Second Engrossed Substitute Senate Bill 5987, known as the Transportation Revenue Package, became law in 2015. As a whole, this \$16 billion investment in Washington's critical infrastructure over the next 15 years will represent one of the most fundamental investments in the short- and long-term health of Washington's maritime and manufacturing sectors. Collectively, this package supports all critical infrastructure investments required to help our maritime and manufacturing industries sustain and grow their businesses. From ferry construction to fish passage, bridge replacements to rail and port facilities and trade corridors, this revenue package helps Washington invest in jobs that will help sustain a diversified, skilled workforce in all the trades. The package is our state's commitment to building and modernizing the critical infrastructure needed to sustain and grow our maritime and manufacturing industries into the middle of this century. This package makes it possible for our state to sustain our status as the most trade-dependent economy in the nation. It supports every objective identified in the enabling legislation for this Task Force.
- Engrossed Substitute House Bill 2524 (Chapter 14, Laws of 2016; partial veto), the 2015-17 Supplemental Transportation budget, includes funding for a study to identify prominent road-rail conflicts, recommend a corridor-based prioritization process for addressing the impacts of projected increases in rail traffic, and identify areas of state public policy interest, such as the critical role of freight movement to the Washington economy and the state's competitiveness in world trade. The Joint Transportation Committee must issue a report of its recommendations and findings by January 9, 2017.
- Part VIII of Engrossed Substitute Senate Bill 6057 became law in 2015. This part of the bill aims to bolster the maritime industry in the state by incentivizing larger vessel owners to use Washington waters for recreational boating to increase economic activity and jobs in coastal communities and inland water regions of the state.
- House Bill 2182, known as Fishing Vessel Recapitalization, was introduced in 2015 and 2016 and was pulled out of Rules Committee but did not get a floor vote. It will be re-introduced in 2017.

This legislation supports several of the Task Force objectives: it identifies maritime facilities of economic significance to the state; identifies critical public infrastructure needed to support and sustain the maritime and fishing industries of Washington; identifies barriers to maintaining and sustaining the maritime and fishing sectors; encourages public and private sector cooperation to foster economic growth; and maximizes opportunities for employment in the maritime and fishing sectors.

- Engrossed Senate Bill 5761 became law in 2015. This bill exempts the value of new construction of industrial or manufacturing facilities that meet certain requirements from local property taxes for 10 years. This bill supports the following objectives: it identifies maritime and manufacturing sectors of economic significance to the state; identifies and helps assess critical public infrastructure that supports and sustains manufacturing industries; and promotes regulatory consistency and certainty in the area of land-use and urban planning to encourage manufacturing in urban areas.
- Substitute House Bill 1897, known as the JC DREAM Act, became law in 2015. It supports research and business innovations that will help sustain manufacturing industries in Washington that depend on rare-earth metals. This initiative helps achieve the following objectives: it identifies maritime and manufacturing sectors of economic significance to the state; identifies barriers to maintaining and expanding the maritime and manufacturing sectors; explores public-private sector collaborations that draw on Washington's university research centers and institutes with expertise in critical infrastructure resilience; identifies aspects of state policy that have an impact on fostering resilience and growth in the manufacturing sectors, specifically regarding access to essential materials; and maximizes opportunities for employment in the manufacturing sector in Washington.
- House Bill 2346, known as the Solar Incentives Program, was introduced in 2016 in order to extend Washington's incentives program for renewable energy in the residential, commercial, and community sectors that move toward solar energy. This legislation, which will be reintroduced in 2017, advances local solar panel manufacturing, local workforce development for solar installation, and local recycling and reuse of solar panels and supports the following objectives: identifies and assesses critical public infrastructure needed to support and sustain manufacturing sectors; promotes regulatory consistency and certainty in the areas of urban planning to support manufacturing in Washington; identifies aspects of state policy that have an impact on fostering resilience and growth in manufacturing, in this case policies regarding incentives and credits to support business investment and job growth; and maximizes opportunities for employment in manufacturing sectors.
- Senate Bill 6631, establishing a Joint Select Committee to consider the political, economic, and security issues at Washington's largest ports, was introduced during the 2016 legislative session. The Joint Select Committee must develop recommendations that consider the political, economic,

and security issues facing Washington's largest ports; promote regulatory consistency and certainty in the areas of land use planning, permitting, and business development in a manner that supports Washington's largest ports; encourage cooperation and partnerships between local, state, federal, and private sectors to foster increased use of Washington's largest ports; and identify aspects of state policy that have an impact on Washington's largest ports.

- Engrossed Senate Bill 6100, known as Economic Gardening, was introduced and passed into law in 2016. This legislation supports the growth of our small businesses engaged in manufacturing by encouraging their growth and diversification with new products in related markets. In this way, it will support the following objectives: identifies barriers to maintaining and expanding manufacturing sectors; promotes regulatory consistency and certainty in the manufacturing sector in the area of business development to encourage growth of manufacturing in urban areas; and encourages public and private sector cooperation to foster economic growth.
- Senate Bill 6661 and companion House Bill 2989, related to career and technical education, were introduced in 2016 and will be re-introduced in 2017. These companion bills emphasize the critical need to invest in middle school and high school courses and credits in the science, technology, engineering, and mathematics fields so that students attain a high school diploma and prepare for accreditations and certifications in the career and technical trades in the community and technical colleges. Re-connecting K-12 administrators and teachers to students who learn by working with their hands and pursuing a trade will help maintain and expand the maritime and manufacturing sectors of our state's economy; support efforts to identify educational resources and support services available to local governments related to sustaining development of maritime and manufacturing industries; and maximize opportunities for employment in the maritime and manufacturing sectors in Washington.
- Senate Joint Memorial 8017, requesting Congress to reform the Harbor Maintenance Tax (HMT), was introduced in 2016. The joint memorial contains a series of findings, including that the HMT is not collected on trans-pacific cargo shipped to the U.S. via rail or roads, which provides an incentive to divert cargo away from U.S. ports. Findings also state that up to half of U.S. bound containers traveling to Canada's west coast ports could revert to using U.S. west coast ports if U.S. importers were relieved from paying the HMT. In addition, findings state that the Northwest Seaport Alliance has received just over a penny on every dollar of harbor maintenance tax paid by shippers who use their ports, and Washington ports are ready to compete on a level playing field. The Legislature requests that Congress pass and the President sign legislation reforming the HMT. The reforms should ensure U.S. tax policy does not disadvantage U.S. ports and maritime cargo, and provide greater equity for HMT donor ports through expanded use of HMT revenues.

Also, notable developments that will support the resilience of Washington's maritime, commercial fishing, aquaculture, seafood processing, and recreational boating and sport fishing sectors are the creation of the Washington Maritime Federation (WMF) and the establishment of a new position in

the Washington Executive Branch responsible for Maritime Sector coordination. The WMF is an "association of maritime-related associations," providing opportunities for labor, industries, and public agencies to coordinate legislative priorities and support workforce development initiatives across the maritime and manufacturing sectors. The Washington Maritime Sector Lead resides in the Department of Commerce and provides direct liaison with the WMF.

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### ***2.3 Short-Term Action Plan (JUNE 2016 - DECEMBER 2017)***

In order to build on the progress made during the 2015 and 2016 legislative sessions, as articulated above, the following actions shall be pursued in the short-term:

#### **Legislative Actions**

- Develop a legislative “state economic resilience” rating and map to provide to city and county councils with port districts and/or manufacturing industrial centers in their jurisdictions. This rating system will describe for these local officials the state-wide economic impacts of port districts, maritime and manufacturing industries, and industrial lands located within their jurisdictions. The map will illustrate current locations of industrial lands within city and county boundaries and the ownership of those lands (city/county/state/federal or private).
- Working with the appropriate House and Senate K-12 and Higher Education committees, develop in coordination with the Office of Superintendent of Public Instruction, State Board of Community and Technical Colleges, State Workforce Development Board, the Washington Student Achievement Council, the Department of Labor and Industries, the U.S. Navy, and the Puget Sound Naval Shipyard a summary of all the K-12 and higher education maritime- and manufacturing-related educational and trades programs currently funded and identify labor union and non-union training, apprenticeship, and work-based learning programs, which schools districts or higher education institutions offer them, and whether there are partnerships with private industry, private non-profit groups, and public sector (local/state/federal) organizations.
- Develop a matrix of legislation passed since 2014 related to Maritime and Manufacturing Economic Resilience investments, and a matrix of legislation introduced since 2014 related to Maritime and Manufacturing Economic Resilience investments, and identify legislative priorities for the 2017-2019 biennium including support for commercial and sport fishing, shipbuilding and ship repair, stevedoring, manufacturing, and preservation of industrial lands.
- Identify potential risks to commercial fishing and aquaculture sectors such as reduced fish populations or polluted shellfish beds that may result from natural or man-made disasters that have affected other fishing and shellfish markets nationally, including overfishing or damage to marine ecosystems from ocean acidification, pollutants, hypoxia, eutrophication, and oil spills.

#### **Non-Legislative Actions**

- Work with the Departments of Commerce and Ecology and other executive agencies, as

appropriate, to identify all the facilities state-wide that: are defined as “Essential Public Facilities” in the Growth Management Act<sup>6</sup>; require shoreline access and industrially-zoned lands to perform their core economic development mission; and are located in currently designated manufacturing industrial centers.

- Convene a public forum with elected and appointed representatives from state and local agencies with policy and legislative authority affecting facilities designated as “Essential Public Facilities” in the Growth Management Act, and develop a work plan for a shared Economic Resilience Strategy 2021.
- Enhance the career and technical education (CTE) pipeline to connect Washington students to Washington-based employment opportunities in manufacturing and the maritime sector. Appropriate agencies of state government and the relevant committees of the Legislature should cooperate in the short term to formulate policies directly aimed at this effort.
- Commit to performance improvements in the timeliness of issuance of business permits consistent with the goals and data being collected by the Governor's Office for Regulatory Innovation and Assistance pursuant to Chapter 68, Laws of 2014 (E2SHB 2192 Promoting economic development through enhancing transparency and predictability of state agency permitting and review processes). Engage in further dialogue about regulatory reform, streamlined permitting, and other related practices that address the challenges and risks face by maritime facilities and manufacturers that choose to locate or expand their footprint in Washington to inform additional public policy action.
- Review the recommendations made Joint Transportation Committee study contained in the 2015-17 Transportation Budget to identify prominent road-rail conflicts, recommend a corridor-based prioritization process for addressing the impacts of projected increases in rail traffic, and identify areas of state public policy interest, such as the critical role of freight movement to the Washington economy and the state's competitiveness in world trade.

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#### ***2.4 Long-Term Action Plan (JANUARY 2018 - JUNE 2021)***

- Establish in legislation the Economic Resilience Strategy to develop policies and regulations in cooperation with state and local jurisdictions in order to protect those essential public facilities deemed to have strategic significance to Washington's economic resilience.
- Create the “WA Economic Resilience of Maritime and Manufacturing Matrix” to track legislative actions and executive policies at the federal (such as the Harbor Maintenance Tax) and state

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<sup>6</sup> The comprehensive plan of each county and city that is planning under RCW [36.70A.040](#) (the Growth Management Act) must include a process for identifying and siting essential public facilities. "Essential public facilities" include those facilities that are typically difficult to site, such as airports, state education facilities and state or regional transportation facilities as defined in RCW [47.06.140](#), regional transit authority facilities as defined in RCW [81.112.020](#), state and local correctional facilities, solid waste handling facilities, and inpatient facilities including substance abuse facilities, mental health facilities, group homes, and secure community transition facilities as defined in RCW [71.09.020](#). **Please see the [final report of the Governor's Container Ports Initiative \(January 2009\)](#) for more information on ports and "essential public facilities."**

levels that affect the global competitiveness of the State's maritime and manufacturing industrial base. The matrix should identify strengths, weaknesses, opportunities, and threats to the sustainability and growth of maritime and manufacturing jobs and industries through 2025, including such factors as: career and technical educational opportunities in middle and high schools, community and technical colleges, public four-year institutions of higher education, and apprentice programs; population growth in urban areas and associated impacts on industrial lands designated for heavy and light manufacturing; pollution and habitat losses affecting commercial fisheries and aquaculture; federal, state, and/or local policies that change the North Pacific Fisheries Management Council; changing trade laws affecting access to Arctic waters; and other factors as appropriate. Incorporate this matrix into the Washington Economic Resilience Strategy.

- Identify natural and man-made disasters that could seriously disrupt the natural resource base and critical land-based and sea-based infrastructure of our maritime, fishing, seafood, and manufacturing industries and the critical infrastructure necessary to sustain them, and assess the state-wide economic impacts in the event of a catastrophic loss to these sectors. Incorporate these analyses into an annual review of the Washington Economic Resilience Strategy.
- Develop strategies with the maritime and manufacturing industries and local and state agencies to assess economic recovery potentials following such catastrophic losses, and identify workforce retraining and educational investments that may help workers and communities transition to new economic opportunities.

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2580**

Chapter 127, Laws of 2014

63rd Legislature  
2014 Regular Session

TASK FORCE--ECONOMIC RESILIENCE OF MARITIME AND MANUFACTURING IN  
WASHINGTON

EFFECTIVE DATE: 06/12/14

Passed by the House March 11, 2014  
Yeas 95 Nays 3

**FRANK CHOPP**

\_\_\_\_\_  
**Speaker of the House of Representatives**

Passed by the Senate March 4, 2014  
Yeas 49 Nays 0

**BRAD OWEN**

\_\_\_\_\_  
**President of the Senate**

Approved March 28, 2014, 2:44 p.m.

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2580**

as passed by the House of Representatives and the Senate on the dates hereon set forth.

**BARBARA BAKER**

\_\_\_\_\_  
**Chief Clerk**

FILED

March 31, 2014

JAY INSLEE

Secretary of State  
State of Washington

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Governor of the State of Washington

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**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2580**

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AS AMENDED BY THE SENATE  
Passed Legislature - 2014 Regular Session

**State of Washington                      63rd Legislature    2014 Regular Session**

**By**            House Appropriations Subcommittee on General Government &  
Information Technology (originally sponsored by Representatives  
Tarleton, Haler, Fey, Wylie, Seaquist, Pollet, Ryu, and Carlyle)

READ FIRST TIME 02/11/14.

AN ACT Relating to fostering economic resilience and development  
in Washington by supporting the maritime industry and other  
manufacturing sectors; creating new sections; and providing an  
expiration date.

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

NEW SECTION.    **Sec. 1.1.**    (1) The legislature recognizes the  
important role of the maritime industry and other manufacturing  
sectors in creating and sustaining economic opportunities in  
*Maritime and Manufacturing Final Report*                      May 2016                      19

Washington. The maritime industry and other manufacturing sectors account for forty percent of the gross domestic product in Washington. In looking to the state's future, the legislature finds that supporting the maritime industry and other manufacturing sectors is critical to building and sustaining a diverse and resilient economy in Washington.

(2) The maritime industry and other manufacturing sectors are interconnected with the public infrastructure, including ports, roads, railways, energy facilities, and water-sewer facilities. The protection and expansion of public infrastructure, including through urban planning and disaster recovery planning, is crucial to the success of the maritime industry and other manufacturing sectors.

(3) To that end, the legislature intends to engage in a collaborative process with state agencies, local governments, and private sector leaders to evaluate whether changes in state and local policies are necessary to foster resilience and growth in the maritime industry and other manufacturing sectors. Through the establishment of the joint select legislative task force, the legislature intends to take action to support and sustain the maritime industry and other manufacturing sectors as the region continues to recover from the national financial crisis and progresses toward a future of increased economic opportunity for all citizens of the state.

NEW SECTION. **Sec. 1.2.** (1)(a) A joint select legislative task force on the economic resilience of maritime and manufacturing in Washington is established, with members as provided in this subsection.

(i) The speaker of the house of representatives must appoint three members from each of the two largest caucuses of the house of representatives.

(ii) The president of the senate must appoint three members from each of the two largest caucuses of the senate.

(iii) The governor must appoint one member to represent the department of commerce.

(b) The legislative members of the task force must select cochairs from among the membership, one from the house of representatives and one from the senate.

(2) (a) The task force must develop recommendations that achieve the following objectives:

(i) Identify the maritime and manufacturing sectors of economic significance to the state;

(ii) Identify and assess the critical public infrastructure that supports and sustains the maritime and manufacturing sectors;

(iii) Identify the barriers to maintaining and expanding the maritime and manufacturing sectors;

(iv) Identify and assess the educational resources and support services available to local governments with respect to supporting and sustaining the development of the maritime and manufacturing sectors;

(v) Promote regulatory consistency and certainty in the areas of urban planning, land use permitting, and business development in a manner that encourages the maritime and manufacturing industries in urban areas;

(vi) Encourage cooperation between the public and private sectors to foster economic growth;

(vii) Explore public-private sector collaborations that draw on Washington State University research centers and institutes with expertise on maritime interoperability and critical infrastructure resilience;

(viii) Identify aspects of state policy that have an impact on fostering resilience and growth in the maritime and manufacturing

sectors, such as storm water policy and other food fish-related issues; and

(ix) Maximize the opportunities for employment in the maritime industry and other manufacturing sectors in Washington.

(b) The recommendations of the task force must include a short and long-term action plan for the legislature to support and sustain the maritime industry and other manufacturing sectors in Washington. The recommendations of the task force may also include specific legislative approaches, such as changes to state law, and nonlegislative approaches, such as action plans for state agencies and local governments.

(3) (a) The task force must consult with local governments and state agencies, which must include, but are not limited to: The department of commerce, the department of transportation, the office of regulatory assistance, the workforce training and education coordinating board, and associate development organizations.

(b) The legislative cochairs must appoint an advisory committee consisting of maritime and manufacturing business, labor, and other representatives to provide technical information and assistance in completing the objectives of the task force. Membership on the advisory committee must include, but are not limited to representatives from: Marine terminal operators, manufacturing, maritime businesses, local industrial councils, local labor trades councils, and chambers of commerce.

(4) The task force must submit to the governor and the appropriate committees of the legislature a work plan by December 1, 2014, and a report with the task force's final findings and recommendations by November 1, 2015.

(5) Staff support for the task force must be provided by the senate committee services and the house of representatives office of program research.

(6) Legislative members of the task force must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(7) The expenses of the task force must be paid jointly by the senate and the house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(8) This section expires June 1, 2016.

Passed by the House March 11, 2014.

Passed by the Senate March 4, 2014.

Approved by the Governor March 28, 2014.

Filed in Office of Secretary of State March 31, 2014.

APPENDIX B: ADVISORY COMMITTEE MEMBERS

Name		Affiliation
Ann	Avary	NW Center of Excellence for Marine Mfg & Technology
Mike	Brennan	Workforce Training & Education Coord. Board
Darrell	Bryan	Clipper Navigation
Julie	Collins	WA Public Ports Assoc. (Port of Tacoma)
Ginger	Eagle	WA Public Ports Association
Berit	Eriksson	Puget Sound Ports Council AFL-CIO
Brett	Ferris	Ferris Guide Service
Leonard	Forsman	Suquamish Tribe
Harley	Franco	Harley Marine
Dave	Gering	Manufacturing Industrial Council
Jim	Gilmore	At-Sea Processors Association
Steve	Greaves	Recreational Boating Association of WA
Liz	Hamilton	NW Sportfishing Industry Association
Marni	Heffron	Heffron Transportation
Johan	Hellman	BNSF Railway Company
John	Lockwood	Vigor Industrial
Dan	McKisson	Int'l Longshore & Warehouse Union
Kristin	Meira	Pacific NW Waterways Association
John	Moist	Arabella's Landing Marina
Mike	Moore	Pacific Merchant Shipping Association
Mike	Nelson	Dakota Creek Industries
Matt	Nichols	Nichols Brothers Boat Builders
Vince	O'Hollaren	Sailors' Union of the Pacific
John	Parrott	TOTE (Totem Ocean Trailer Express)
Tom	Pierson	Pierce County Chamber
April	Putney	Futurewise
Peter	Schrappen	Northwest Marine Trade Association
Paul	Stevens	Foss Maritime
Larry	Stokes	WA Public Ports Association (Port of Bremerton)
Brian	Thomas	Kvichak Marine Industries
Rick	Tift	Puget Sound Naval Shipyard
Eugene	Wasserman	North Seattle Industrial Association
Bob	Watters	SSA Marine

## TESTIMONY/ATTENDANCE ROSTER

Committee: Economic Resilience of Maritime & Manufacturing Bill No: Task Force, Joint Legislative

Date/Time: May 9, 2016 Short Title: \_\_\_\_\_

Testify?	If so, indicate Pro / Con	Name	Organization (Full Name)	Mailing Address (Full Address Required)	Out of Town	Phone/E-mail
Y	(N)	Please Print Sarah Donndon	University of Washington Botnet	Street: City: Zip:	<input type="checkbox"/>	Phone: E-mail: donndon@uw.edu
✓	(Y) N	Please Print GORDON BAXTER	PUGET SOUND MARITIME TRADES COUNCIL, AFL-CIO	Street: City: Zip:	<input type="checkbox"/>	Phone: E-mail: gordon.baxter@gmail.com
✓	(Y) (N)	Please Print Cindy Zehnder	SSA Marine	Street: City: Zip:	<input type="checkbox"/>	Phone: E-mail: zehndc@qthgw.com
(Y)	N	Please Print JORDAN ROYER	PMSA	Street: City: Zip:	<input type="checkbox"/>	Phone: E-mail: jroyer@PMSAshop.com
(Y)	N	Please Print SEAN SPON	THE NORTHWEST SEAPORT ALLIANCE	Street: PO Box 1837 City: Tacoma, WA 98401 Zip:	<input type="checkbox"/>	Phone: SEAPORT E-mail: NWSEAPORTALLIANCE.COM
Y	(N)	Please Print GINGER EAGLE	WA PUBLIC PORTS ASSOCIATION	Street: 1501 Capital Way City: Olympia Zip: 98501	<input type="checkbox"/>	Phone: 360-943-0760 E-mail: geagle@Washingtonports.org
Y	(N)	Please Print Kymstelle Purkey	Northwest Yacht Brokers Association	Street: City: Zip:	<input type="checkbox"/>	Phone: (253)327-9334 E-mail: kymstelle.purkey@icloud.com
Y	(N)	Please Print Eric Fitch	Port of Seattle	Street: City: Zip:	<input type="checkbox"/>	Phone: E-mail: fitch.e@portseattle.org
Y	(N)	Please Print Al Kolich	Saltchuk	Street: City: Zip:	<input type="checkbox"/>	Phone: 425-344-1571 E-mail: ala@strategies360.com
Y	N	Please Print		Street: City: Zip:	<input type="checkbox"/>	Phone: E-mail: