

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 923 Session of 2017

INTRODUCED BY YUDICHAK, BREWSTER, SABATINA, TARTAGLIONE, HUGHES AND COSTA, DECEMBER 28, 2017

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT, DECEMBER 28, 2017

AN ACT

1 Establishing the Manufacturing Competitiveness Board within the  
 2 Department of Community and Economic Development and  
 3 providing for its powers and duties; and providing for a  
 4 Commonwealth manufacturing strategy.

5 The General Assembly of the Commonwealth of Pennsylvania  
 6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Manufacturing  
 9 Competitiveness Act.

10 Section 2. Findings and declarations.

11 (a) Findings.--The General Assembly finds as follows:

12 (1) The manufacturing sector consists of establishments  
 13 that are primarily engaged in the transformation of  
 14 materials, substances or components into products.

15 (2) The Commonwealth supports manufacturing in a variety  
 16 of ways with manufacturing-related activities scattered in  
 17 several agencies in the executive branch.

18 (3) Manufacturing employment, output and exports are

1 impacted by, among other things, tax policies, the state of  
2 infrastructure and transportation, small business  
3 regulations, environmental regulations, innovation  
4 ecosystems, work force development and education initiatives.

5 (4) Manufacturers account for 12% of the total gross  
6 domestic product output in this Commonwealth, employing more  
7 than 9% of the work force. Total output from manufacturing is  
8 more than \$85,150,000,000. There are more than 566,000  
9 manufacturing employees in this Commonwealth, with an average  
10 annual compensation of about \$72,500 as of 2015.

11 (5) Legislative policies and executive actions often  
12 result in unintended, inconsistent and conflicting outcomes  
13 with respect to the growth of manufacturing in this  
14 Commonwealth.

15 (6) The manufacturing sector is vital to the economic  
16 well-being of this Commonwealth.

17 (7) The manufacturing industry provides crucial job  
18 opportunities for the middle class.

19 (8) Other states and foreign jurisdictions have  
20 repeatedly tried to lure Pennsylvania manufacturers to  
21 relocate with the promise of tax breaks and other economic  
22 incentives.

23 (9) When Pennsylvania manufacturing operations relocate  
24 outside this Commonwealth, it results in a loss of jobs and  
25 income for Pennsylvania families and puts a strain on this  
26 Commonwealth's social safety net.

27 (10) The Commonwealth needs to take all reasonable  
28 measures to improve the current state of Pennsylvania's  
29 climate as it relates to the manufacturing industry.

30 (b) Declarations.--The General Assembly declares as follows:

1 (1) A well-designed Statewide manufacturing strategy  
2 would benefit the Commonwealth's economy in several important  
3 ways.

4 (2) A revitalized manufacturing sector would enable this  
5 Commonwealth to derive a larger percentage of economic growth  
6 from exports and domestic production.

7 (3) Average Commonwealth wages would rise in response to  
8 growing manufacturing output, as manufacturing jobs  
9 historically have paid higher wages and benefits than  
10 nonmanufacturing jobs.

11 (4) A growing manufacturing sector would help lay a  
12 foundation for future economic growth in this Commonwealth as  
13 manufacturing industries perform the vast share of private-  
14 sector research and development, which fuels the innovation  
15 that serves as a primary engine of economic growth.

16 Section 3. Definitions.

17 The following words and phrases when used in this act shall  
18 have the meanings given to them in this section unless the  
19 context clearly indicates otherwise:

20 "Board." The Manufacturing Competitiveness Board established  
21 under section 5.

22 "Department." The Department of Community and Economic  
23 Development of the Commonwealth.

24 "Independent agency." As defined in 62 Pa.C.S. § 103  
25 (relating to definitions).

26 "Manufacturing sector." Any establishment engaged in the  
27 mechanical, physical or chemical transformation of materials,  
28 substances or components into new products.

29 "Nonprofit organization." An organization that is described  
30 under section 501(c) and exempt from tax under section 501(a) of

1 the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C.  
2 § 501).

3 "Private sector experience." Work experience in the private  
4 sector or for-profit sector in any of the following areas:

5 (1) Managing manufacturing companies, including managing  
6 small business manufacturing companies with less than 100  
7 employees.

8 (2) Managing supply chain providers.

9 (3) Managing labor organizations.

10 (4) Work force development.

11 (5) Finance.

12 (6) Analyzing manufacturing policy and competitiveness.

13 (7) Conducting manufacturing-related research and  
14 development.

15 "Secretary." The Secretary of Community and Economic  
16 Development of the Commonwealth.

17 "Sunshine Act." 65 Pa.C.S. Ch. 7 (relating to open  
18 meetings).

19 Section 4. Chief Manufacturing Officer of the Commonwealth.

20 (a) Appointment.--The following apply:

21 (1) Not later than six months after the effective date  
22 of this act, the Governor shall appoint a Chief Manufacturing  
23 Officer of the Commonwealth.

24 (2) The Governor shall select the Chief Manufacturing  
25 Officer from among individuals who have basic qualifications  
26 and expertise in manufacturing technology and policy.

27 (3) The position of Chief Manufacturing Officer shall be  
28 in the Executive Office of the Governor and shall report to  
29 the Governor.

30 (b) Compensation.--The following apply:

1           (1) The Executive Board established under the act of  
2 April 9, 1929 (P.L.177, No.175), known as The Administrative  
3 Code of 1929, shall establish the compensation of the Chief  
4 Manufacturing Officer, which shall be commensurate with the  
5 qualification and expertise of the individual appointed.

6           (2) The Chief Manufacturing Officer shall be reimbursed  
7 for all necessary and actual expenses.

8           (3) The Chief Manufacturing Officer shall be eligible  
9 for retirement under the State Employees' Retirement Code and  
10 shall, if the member elects to participate, be considered a  
11 State employee for the purposes of 71 Pa.C.S. Pt. XXV  
12 (relating to retirement for State employees and officers).

13       (c) Duties.--The Chief Manufacturing Officer shall:

14           (1) Advise the Governor on policy issues that affect the  
15 economic activities and the work force of the manufacturing  
16 sector.

17           (2) Conduct, through the board, a comprehensive  
18 assessment of the current state of this Commonwealth's  
19 manufacturing sector in accordance with section 5(j) no later  
20 than January 1, 2019.

21           (3) Develop, through the board, the Commonwealth  
22 manufacturing strategy described in section 6 not later than  
23 July 1, 2019.

24           (4) Foster the coordination of manufacturing-related  
25 policies and activities across agencies by:

26           (i) encouraging the use of best innovative  
27 manufacturing practices across State government;

28           (ii) ensuring the use of best information  
29 technologies and cybersecurity practices for  
30 manufacturing; and

1           (iii) analyzing the status of manufacturing  
2           technology needs across independent agencies.

3           (5) Conduct technology policy analyses to improve  
4           Commonwealth manufacturing productivity, technology and  
5           innovation and cooperate with the Commonwealth's  
6           manufacturing industry in the improvement of Commonwealth  
7           productivity, technology and ability to compete successfully  
8           in world markets.

9           (6) Identify technological needs, problems and  
10          opportunities within and across the Commonwealth's  
11          manufacturing sector that, if addressed, could make a  
12          significant contribution to the State economy.

13          (7) Assess whether the capital, technical and other  
14          resources being allocated to manufacturing are likely to  
15          generate new technologies, adequate to meet private and  
16          social demands for goods and services and sufficient to  
17          promote productivity and economic growth.

18          (8) Encourage the creation of joint initiatives by local  
19          governments, regional organizations, private companies,  
20          institutions of higher education or nonprofit organizations  
21          to encourage technology transfer, to stimulate innovation and  
22          to promote an appropriate climate for investment in  
23          manufacturing-related industries.

24          (9) Propose manufacturing-related cooperative research  
25          involving appropriate independent agencies, local  
26          governments, regional organizations, institutions of higher  
27          education, nonprofit organizations or private companies to  
28          promote the common use of resources, to improve training  
29          programs and curricula, to stimulate interest in high  
30          technology manufacturing careers and to encourage the

1 effective dissemination of manufacturing technology skills  
2 within the wider community.

3 (10) Serve as a focal point for discussions among  
4 companies that manufacture in this Commonwealth on topics of  
5 interest to the manufacturing industry and work force,  
6 including discussions regarding emerging and advanced  
7 technologies.

8 (11) Develop strategies and policies that would  
9 encourage manufacturing enterprises to maintain production  
10 facilities and retain manufacturing jobs in this Commonwealth  
11 and use manufacturing supply chains based in this  
12 Commonwealth.

13 (12) Support communities negatively impacted by the  
14 closure or relocation of manufacturing facilities by  
15 promoting efforts to revitalize communities for new  
16 manufacturing enterprises.

17 (13) Assist local governments in their economic  
18 development plans for manufacturing and in their efforts to  
19 relocate manufacturing facilities within this Commonwealth  
20 rather than moving manufacturing outside of this  
21 Commonwealth.

22 (14) Perform such other functions or activities as the  
23 Governor may assign.

24 Section 5. Manufacturing Competitiveness Board.

25 (a) Establishment.--The Manufacturing Competitiveness Board  
26 is established within the department for the purpose of  
27 reviewing and making recommendations on the competitiveness of  
28 this Commonwealth's manufacturing sector.

29 (b) Composition.--The board shall be composed of the  
30 following members:

1           (1) The Chief Manufacturing Officer of this  
2 Commonwealth.

3           (2) The secretary or a designee.

4           (3) The Secretary of Labor and Industry or a designee.

5           (4) The Secretary of Revenue or a designee.

6           (5) The Small Business Advocate.

7           (6) Four members with private sector experience  
8 appointed by the Governor.

9           (7) One member with private sector experience appointed  
10 by the President pro tempore of the Senate.

11           (8) One member with private sector experience appointed  
12 by the Minority Leader of the Senate.

13           (9) One member with private sector experience appointed  
14 by the Speaker of the House of Representatives.

15           (10) One member with private sector experience appointed  
16 by the Minority Leader of the House of Representatives.

17           (c) Terms.--Except for the initial appointments, members of  
18 the board appointed under subsection (b) (6) shall serve terms of  
19 four years.

20           (d) Chair.--The Chief Manufacturing Officer of this  
21 Commonwealth shall serve as the chair of the board.

22           (e) Quorum.--A majority of the members appointed to the  
23 board shall constitute a quorum for purposes of transacting the  
24 business of the board.

25           (f) Meetings.--The board shall hold its first meeting within  
26 60 days of the appointment of the Chief Manufacturing Officer  
27 and shall meet quarterly, but may meet more frequently if deemed  
28 necessary by the board in order to carry out the purposes of  
29 this act.

30           (g) Compensation.--Board members shall not receive



1 compensation for their participation on the board. Board members  
2 may be reimbursed for reasonable expenses incurred in relation  
3 to the attendance of board meetings and hearings.

4 (h) Hearings.--The board may hold hearings for the purpose  
5 of fact-finding on issues related to manufacturing  
6 competitiveness. Any hearings held by the board shall be subject  
7 to the Sunshine Act.

8 (i) Administrative support.--The department shall make  
9 office space available to the board. The department shall  
10 provide administrative support and any other technical  
11 assistance required by the board to carry out its duties under  
12 this act.

13 (j) Assessment.--The board shall work with the department to  
14 conduct a comprehensive assessment of the laws, regulations,  
15 policies and procedures of this Commonwealth and of other states  
16 related to the manufacturing sector and market competitiveness.  
17 The board's assessment, analysis and recommendations shall  
18 include, but not be limited to, the following areas:

19 (1) The state of this Commonwealth's existing  
20 manufacturing sector.

21 (2) This Commonwealth's regulatory climate as it relates  
22 to the manufacturing sector.

23 (3) The Commonwealth's current programs and tax  
24 incentives made available to the manufacturing sector.

25 (4) This Commonwealth's manufacturing competitiveness  
26 and how it compares to other states.

27 (5) Programs and tax incentives benefiting the  
28 manufacturing sector in other states and the cost of  
29 implementing similar programs in this Commonwealth.

30 (6) Federal programs and incentives that are currently

1 available to assist and stimulate growth in the manufacturing  
2 sector.

3 (7) Other manufacturing issues deemed appropriate by the  
4 board, including, but not limited to:

5 (i) Work force skills, gaps and development.

6 (ii) Statistics on manufacturing productivity,  
7 output and growth.

8 (iii) Programs to help small and midsized  
9 manufacturers become more competitive.

10 (iv) Impact of Commonwealth tax policy.

11 (v) Financing and investment, including challenges  
12 associated with commercialization and scaling up  
13 production.

14 (vi) Job creation and employment disparities.

15 (vii) Levels of Commonwealth production.

16 Section 6. Commonwealth manufacturing strategy.

17 (a) Requirements.--The Commonwealth manufacturing strategy  
18 developed under section 4(c)(3) shall contain the comprehensive  
19 assessment of the current state of manufacturing completed under  
20 section 4(c)(2) and comprehensive strategies and recommendations  
21 for:

22 (1) identifying and addressing the anticipated work  
23 force needs of the manufacturing sector;

24 (2) strengthening education and the required training  
25 and certifications for manufacturing;

26 (3) creating training and appropriate career paths to  
27 manufacturing jobs for veterans and others that have become  
28 unemployed;

29 (4) promoting the development of quality control and  
30 other technical standards;

1 (5) maintaining reliable physical and telecommunications  
2 infrastructure, and the required investments in  
3 infrastructure projects, as needed, for manufacturing;

4 (6) analyzing the status of manufacturing technology  
5 needs in the industrial sector and providing recommendations  
6 for economic and labor force expansions;

7 (7) monitoring technology directions and analyzing  
8 strengths, weaknesses, threats and opportunities in this  
9 Commonwealth's manufacturing sector;

10 (8) implementing appropriate tax incentives and credits  
11 to assist manufacturing enterprises in improving  
12 competitiveness;

13 (9) recommending State laws, regulations and policies to  
14 reduce the cost of manufacturing and improve productivity;

15 (10) promoting the export of Commonwealth-manufactured  
16 goods;

17 (11) identifying other forms of assistance to companies  
18 that manufacture in this Commonwealth to successfully compete  
19 in world markets; and

20 (12) addressing other issues as the Governor determines  
21 necessary.

22 (b) Updates.--The Chief Manufacturing Officer may update the  
23 Commonwealth manufacturing strategy on a continuing basis or as  
24 necessary to ensure the competitiveness of this Commonwealth's  
25 manufacturing sector.

26 Section 7. Report.

27 (a) Submission.--Beginning in calendar year 2020, the  
28 Governor shall submit an annual report outlining the  
29 manufacturing competitiveness strategy, including its findings  
30 and recommendations, no later than September 30, to the

1 following:

2 (1) The President pro tempore of the Senate.

3 (2) The Majority Leader of the Senate.

4 (3) The Minority Leader of the Senate.

5 (4) The Speaker of the House of Representatives.

6 (5) The Majority Leader of the House of Representatives.

7 (6) The Minority Leader of the House of Representatives.

8 (b) Publication.--Upon submission of the report required  
9 under subsection (a), the Governor shall transmit notice of the  
10 submission of the report to the Legislative Reference Bureau for  
11 publication in the Pennsylvania Bulletin.

12 Section 8. Effective date.

13 This act shall take effect in 60 days.