
WASHINGTON ECONOMIC DEVELOPMENT ASSOCIATION (WEDA)



2020 LEGISLATIVE AGENDA

Working Together for Jobs & Economic Prosperity Across Washington

As Washington State's *only* trade association focused on economic development, WEDA is committed to retaining, expanding and recruiting jobs and investment in Washington State. WEDA's 2020 Legislative Agenda focuses on the most critical actions lawmakers can take to retain and grow living wage jobs, foster vibrant communities and spark investment across Washington State.

WEDA's Top Legislative Priorities:

- 1) ***Strengthening the Economic Development Ecosystem***
- 2) ***Fostering Catalysts for Job Growth & Competitiveness***
- 3) ***Increasing Prosperity Across All of Washington***

While Washington State has enjoyed an unprecedented economic boom, there are many communities across the state that are still struggling, and some counties have unemployment rates nearing 10%. There are also pockets of serious poverty in our urban counties, and border counties face stiff competition. The rapidly-changing, fast-paced intensity of global competition also continues to challenge communities and threatens Washington's leading edge.

We need to empower communities across Washington with the tools to be world-class economic engines and assist businesses large and small in becoming globally competitive. The time is now to plan ahead for the next economic downturn with proactive measures to sustain our current economic vitality and strengthen the economic development ecosystem at the state, regional and local levels.

WEDA'S TOP LEGISLATIVE PRIORITIES

1) Strengthening the Economic Development Ecosystem

WEDA believes in a robust economic development ecosystem at the state, regional and local levels.

LEGISLATIVE REQUESTS:

- ➔ **Support state-level leadership and funding for economic development, including full support for Business Recruitment, Retention & Expansion programs, and the Global Washington proposal.**
- ➔ **Continue to restore funding for regional capacity to coordinate and deliver economic development services. Build on 2019 legislative investment and continue to restore ADO funding from \$3.3 million to \$4.3 million per year, funded by the General Fund.**

Governor Booth Gardner created the “Team Washington” network in 1985 and nearly 35 years later, 35 regional economic development organizations serve all 39 counties and still underpin the State’s economic development programs and initiatives. These economic development organizations (also called Associate Development Organizations-ADOs or Economic Development Councils-EDCs) enhance economic development service delivery and results statewide by forming public-private, state-local partnerships. The ADOs have a mission of *confidential, client-based* economic development that public-private partnerships are uniquely equipped to provide, and locally-driven business engagement.

The collective results from these entities are outstanding. Over the last five years, local ADO/EDC partners have helped over 519 businesses expand or develop new facilities and assisted 267 startups. These companies have invested over \$1.5 billion in land, buildings and equipment.

- ✓ These growing businesses have created over 17,946 new jobs.
- ✓ EDC business clients are estimated to generate over \$100 million in new tax revenues for Washington State and local communities. Every state dollar leverages a match of at least six dollars from other public and private sources.

Despite this success, state funding for Commerce’s economic development initiatives has been reduced by 63% since 2008. State funding for the ADO/EDC network had also been dramatically reduced, but it was partially restored in the 2019 session. As Washington attempts to retain and expand existing firms, recruit new business, support key industry clusters and position communities for economic success, increased investments to mitigate past reductions and strengthen the state, regional and local ecosystem are warranted.

WEDA is specifically recommending a return to the prior funding formula for ADOs, funded with General Fund-State dollars, to help address challenges faced in rural communities and strengthen Washington’s economic development ecosystem:

- ➔ State funding delivered on a \$1 per capita basis to local EDCs and capped at \$300,000 per year.
- ➔ Urban EDCs would be required to match state funding dollar for dollar.
- ➔ Rural EDCs would receive a \$1 per capita allocation based on their County or region’s population, and at least \$75,000 as a base allocation to support core economic development initiatives.

2) *Fostering Catalysts for Job Growth & Competitiveness*

WEDA supports investments in state infrastructure financing tools and programs that support business retention, expansion and recruitment at the local levels. WEDA also supports targeted incentives such as the aerospace incentives, and expansion of these incentives to all manufacturing. Re-establishment of the Research & Development tax credit will also help create Washington's next generation of innovation and stimulate private investment.

LEGISLATIVE REQUESTS:

- **Restore Economic Development Strategic Reserve Fund** (reduced by \$2 million in 2019 session).
- **Support state public works programs** designed to support expanding businesses:
 - **Community Economic Revitalization Board (CERB)**
 - **Public Works Trust Fund**
 - **Transportation Improvement Board**
 - **Local Revitalization Financing (LRF)/Tax Increment Financing**
 - **Model Toxics Control Act (MTCA) funding**
- **Support funding for Innovation Partnership Zones.**
- **Support increased investments in road and transit infrastructure and services** to more efficiently move people and freight, and support needed restoration to infrastructure funding due to the passage of Initiative 976.
- **Protect targeted incentives** for aerospace and expand these to all manufacturing. Support re-establishment of Research & Development tax credits.

Reliable, modern infrastructure is critical for successful economic development. Underpinning all business and commerce is physical infrastructure: roads, airports, railroads, water/sewer, broadband and energy. State, county and city capital improvement plans are akin to a private firm's business plan. Public investments in infrastructure set the stage for future private investment and shape an area's prospects for prosperity for generations. Washington State's economic development future depends on both infrastructure capacity, and the wise stewardship of these resources. Responding swiftly to unforeseen infrastructure needs of new or relocating businesses is also important to the health of our economy.

Each year, hundreds of businesses invest in new facilities around the State. Many of these firms can immediately tap into existing public services, but some companies must rely on partnerships with the public sector to get necessary infrastructure extended to their facility. Washington does not have the tools for tax increment financing available in every other state in the nation. The Legislature should provide tools to local governments and agencies to fund infrastructure that enables economic development, including Local Revitalization Funding and local incentives to encourage development.

Washington should also reinstate Research and Development (R&D) tax incentives. Washington is now one of only a few states that do not provide an R&D incentive, and multiple studies demonstrate a clear correlation between these incentives and significant, high wage job growth. Washington also has some key tax policies that lead to job retention, expansion and recruitment, including Business & Occupation (B&O) tax credits, and incentives for aerospace, trade and logistics, food processing and agriculture. These key tax policies should be maintained so jobs are not lost. Finally, Washington should extend the sales and use tax exemptions for data centers to all parts of the state, including urban counties.

3) *Increasing Prosperity Across All of Washington*

WEDA supports policies and investments that ensure that all parts of the state benefit in increased prosperity. The economic vitality of rural areas, border counties and underserved urban areas is critical to the long-term health of the entire state.

LEGISLATIVE REQUESTS:

- Support **the extension and expansion of the .09 percent Sales & Use Tax for Public Facilities and economic development activities in Rural and Border Counties.** Rural counties in Washington have benefitted from up to a .09% “rebate” of locally-generated state sales and use tax for over twenty years. This critical tool has helped to build critical infrastructure, attract new industry and diversify economies. The extension and expansion of this sustainable and reliable funding mechanism for rural and border counties is critical for local economic development investments which will help create and retain jobs in communities across the state.
- **Support broadband capacity initiatives and investment with fully funding State Broadband Office.**
- Support initiatives to **increase investment in distressed communities such as Opportunity Zones.**

Washington has successfully added new, high-wage jobs to many urban centers around the state. However, many rural and underserved communities continue to struggle to attract new employers or grow jobs from existing employers. This lack of growth and competitive framework has negative impacts on communities’ ability to grow the tax base and provide basic government services to these communities. WEDA supports strategies to stimulate markets in underserved rural areas, provide tools for border counties and leverage investment for revitalization of distressed urban neighborhoods.

WEDA ALSO SUPPORTS

Workforce Development: Job training and placement initiatives are a critical facet of economic development. In a global economy, human capital is an essential ingredient that drives business innovation, growth and competitiveness. WEDA supports Workforce Development Training Programs such as the Job Skills Program, Customized Training, Apprenticeships and One-Stop WorkSource Centers, new initiatives to upscale critical manufacturing workforce needs and career connected learning programs. Washington State’s labor force consistently ranks among the top five nationally based on education, productivity and experience. This strength in talent is made possible by the State’s nationally recognized research universities and top quality educational institutions. However, our education systems cannot be taken for granted and need sustainable funding and support.

Housing Affordability & Supply: WEDA will support legislation to improve housing affordability and expand opportunities for housing at all income levels, particularly workforce housing.

Clean/Green Economy: WEDA will support programs and funding to create jobs in the Clean Economy, while also maintaining a balanced approach to maintain our competitiveness.

Rulemaking: Rules that are proposed by state agencies should include a description of how they would impact economic development and job creation. WEDA supports permit streamlining initiatives that increase efficiency and provide for increased predictability in development.