



# WASHINGTON ECONOMIC DEVELOPMENT ASSOCIATION (WEDA)

## 2019 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 2019 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 include:

- 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 over 8%. There are also pockets of serious poverty in our urban counties. 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 in economic development, including full support for Small Business Export Assistance and Business Recruitment, Retention & Expansion programs.**
- **Restore funding for regional capacity to coordinate and deliver economic development services. Restore ADO funding from \$2.8 million to \$4.3 million per year, funded by the General Fund.**

Governor Booth Gardner created the “Team Washington” network in 1985 and over 30 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. The collective results from these entities are outstanding.

Over the last five years, local ADO/EDC partners have helped over 478 businesses expand or develop new facilities, and assisted 228 start ups.

- ✓ These companies have invested over \$1.45 billion in land, buildings and equipment.
- ✓ These growing businesses have created over 15,798 new jobs; and
- ✓ 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% and state funding for the ADO/EDC network has been reduced by 27% since 2008. 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; and
- 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:**

- 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) and Value Capture Financing
  - Model Toxics Control Act (MTCA) Funding
- Support increased funding for Innovation Partnership Zones operations
- Support increased investments in road and transit infrastructure and services to more efficiently move people and freight
- Protect targeted incentives for aerospace and expand these to all manufacturing. Support re-establishment of Research & Development tax credits
- Support increased broadband capacity initiatives and establishment of a State Broadband Office
- Protect Economic Development Strategic Reserve Fund

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 systems. 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 years to come. Washington State's economic development future ultimately depends upon both infrastructure capacity, and the wise and efficient stewardship of these resources. Responding swiftly to unforeseen infrastructure needs of new or relocating businesses is also important to the future 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 should provide tools to local governments and agencies to fund infrastructure that enables economic development, such as Value Capture Financing, 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, aerospace incentives, trade and logistics incentives, and food processing and agricultural incentives. 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.

#### **LEGISLATIVE REQUESTS:**

- ➔ **Preserve the .09 percent Sales & Use Tax for Public Facilities in Rural Counties**
- ➔ **Support legislation to incentivize development of Class A office space statewide**
- ➔ **Support the Rural Development & Opportunity Zone Act to increase access to growth capital for small businesses in rural Washington and Opportunity Zones**
- ➔ **Support Governor Inslee and the Department of Commerce's \$2 million per year request for a competitive grant program targeted to local economic development organizations to provide resources for asset mapping, regional strategic planning and industrial site readiness**

The economic revitalization of rural and underserved urban areas is critical to the long-term health of the state. WEDA supports strategies to stimulate markets in underserved rural areas and leverage investment for revitalization of distressed urban neighborhoods. Rural and underserved communities in Washington lack capacity and resources to adequately plan and execute economic development strategies. 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 has negative impacts on communities' ability to grow the tax base and provide basic government services to these communities.

#### **WEDA Also Supports**

**Workforce Development:** Job training and placement initiatives are a critical facet of economic development. In a global economy, human capital has become 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, and new initiatives to upscale critical manufacturing workforce needs, as well as 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 the Washington's worker skills 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.

**Clean/Green Economy:** WEDA will support programs and funding to create jobs in the Clean Economy.

**Rulemaking:** Rules that are proposed by state agencies should include a description of how they would impact economic development and job creation. Washington State's Department of Transportation has utilized these metrics and they have been very helpful.

