



Department of Commerce
Innovation is in our nature.

Washington Economic Development Agenda

Brian Bonlender, Commerce Director

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Economic Snapshot



- Unemployment 6.6%
- GDP growth 4th highest in the nation
- GBI exceeds pre-recession peak: 6% growth last year
- *Bloomberg* named WA #1 Most Innovative State

Challenges persist...

- Slow recovery
- Underemployment high
- Geographic, pay scale disparities



Accomplishments & Opportunities: We're On the Right Track

- **777x:** Team effort, statewide significance
- **Boat building:** Recapitalizing distant fisheries fleet
- **Global health:** WA is among world leaders Geneva & DC, thanks to Gates, PATH, others
- **Clean Tech:** Job growth 121%, 2x economy as a whole
- **ICT Jobs:** 4% of workforce = 2x nation & competitor states; more openings than qualified candidates



Commerce Director Top 3 Goals:



- 1. Maximize efficiency and operational effectiveness of the department**
- 2. Better engagement and coordination with our partners**
- 3. Drive pro-growth policies and initiatives**









OUR MISSION:

Grow and improve jobs in Washington State by championing thriving communities, a prosperous economy, and sustainable infrastructure.

Results Commerce

OUR KEY GOALS:

| GOAL | GOAL | GOAL | GOAL | GOAL | GOAL |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| Entrepreneurial Culture | Conscientious Stewardship | Strong Partnerships | Reliable & Sustainable Infrastructure | Vibrant Communities | Growing Economies |



World-Class Education



Prosperous Economy



Sustainable Energy and a Clean Environment



Healthy and Safe Communities



Efficient, Effective and Accountable Government



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Economic Development Agenda



Economic Climate

Sector-focused Economic Development

Startup Washington

Workforce Development

Small Business, Rural & Underserved Communities



Economic Climate



Examples:

- **Red Tape Index**
- **Regulatory Streamlining Pilot Projects:**
Restaurant Pilot, Manufacturing Pilot
- **Infrastructure:** Transportation, protect key investment funds for Public Works, CERB, Housing Trust Fund



Sector-focused Economic Development

| Sector | Lead |
|--------------------------------------|-----------------------------------|
| Aerospace | Alex Pietsch, Office of Aerospace |
| Agriculture & Food Processing | WSDA |
| Clean Technology | Richard Locke (OEDC Director) |
| Life Sciences Global Health | Maura Little |
| Information Communication Technology | Will Saunders |
| Advanced Manufacturing | <i>Recruiting</i> |
| Marine Technology | Stephen Sewell |
| Military and Defense | Kristine Reeves |

Additional sectors under consideration



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Startup Washington

- Create an environment for startups to flourish
 - Raise B&O threshold to \$50K for **all** businesses
 - Support existing R&D tax credits
 - Promote tradable R&D tax credits
- Explore early-stage financing options
- Expand commercialization efforts/Entrepreneurs in Residence
- Startup 365/Builds on GEW success
- Crowd-funding up to \$1 million (HB2023)



Workforce development

Aligning investment with employer needs

- **Work Start** – Match education and workforce training with employer needs
- **STEM education**
- **Partnering to fill gaps** – State, business, labor & education leaders work together to develop talent pool



Small Business, Rural & Underserved Communities

- **Regulatory streamlining**
- **B&O tax threshold**
- **Startup 365:** Institute for Rural Entrepreneurship based on GEW success
- **Business One-Stop/My Account** project
- **Sector-focused** economic development
- **Contracting with MWOB's** through Commerce
- **Broadband** infrastructure



Gov.'s Budget focuses on Commerce priorities

| Operating | | Capital | |
|---|---------------------|--|----------------------|
| Developmental Disabilities Council (indirect costs) | \$189,000 | Public Work Trust Fund Pre-Construction Loan Funds | \$10 million |
| Financial Fraud and ID Theft Crimes | \$197,000 (FY 2014) | Housing Trust Fund Ultra-Low Energy Efficiency | \$5 million |
| CERB Support | \$149,000, 1.1 FTE | Clean Energy and Energy Freedom Program | technical correction |
| Local Government Planning Support | \$982,000, 6.5 FTE | Drinking Water State Revolving Fund Loan Program | technical correction |
| Strategic Growth Expansion | \$300,000 | Pacific Tower | \$300,000 |
| Infrastructure Information Portal | \$250,000, 0.15 FTE | | |
| Regulatory Process Improvement | \$250,000 | R&D | \$50,000 threshold |
| Entrepreneurs in Residence | \$750,000 | | |
| Innovation Contract | \$5.3 million | | |
| Start Up Washington 365 | \$500,000 | | |



Working with Commerce: Business Development

- Strategic Growth: Recruitment & Expansion
 - Proactive company targets in key sectors
 - International trade shows and missions
 - FDI emphasis – overseas contracts for lead cultivation
 - Site selector and real estate consultant engagement
- State Small Business Credit Initiative (SSBCI)
- Work Start
- Community asset development statewide
- **2013 Results:** 27 projects, \$252.2 M in capital investment, 2,140 jobs created



Working with Commerce:

Export Assistance

- Create a Culture of Exporting
- Emphasis on FDI for Foreign Representatives
- Driving Results:
 - FY 2013 – Commerce assisted 729 companies
 - 1800+ requestS, resulting in **\$203 Million sales** (annual target = \$60 M)
- STEP contributed to record sales, including Export Voucher program
 - Congress approved **\$8 Million** for STEP Year 3 (early Jan.)
 - **Only 25% of appropriation compared to Y1 and Y2**



Working with Commerce:

Office of Economic Dev. & Competitiveness (OEDC)

- Sector strategies: Commerce & Gov. priority
- Public-private partnerships maximize impact
- 4 of 5 experts on board at Commerce
 - Developing sector growth strategies
 - Leading collaboration, activities



Sector-focused Economic Development

How it works:

- Close collaboration with Commerce Business Services Division
- Strengthen ongoing Business Recruitment, Retention, Expansion and International Trade activities
- Increased industry engagement = better to surface sector needs
- Drive policy and strategies for sector growth





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