

WASHINGTON ECONOMIC DEVELOPMENT ASSOCIATION (WEDA)

Working Together for Job Recovery & Economic Vitality Across Washington



2021 ECONOMIC RECOVERY LEGISLATIVE AGENDA

The COVID-19 pandemic has provoked a historic and unprecedented economic recession that has devastated communities, businesses and families. With new jobless claims tripling their pre-pandemic levels and over 225,000 people still out of work, Washington State's economy is truly in crisis. Communities across Washington State are struggling, small businesses are boarded up, the tourism/hospitality and aerospace industries have been devastated, and some Washington counties are nearing double-digit unemployment rates. Despite the passage of federal relief legislation, emergency state investments and significant work by many, economic recovery will be a long haul.

As Washington State's *only* trade association laser-focused on economic development, WEDA is committed to recovering, retaining, recruiting and expanding jobs and re-investment in Washington. WEDA's 2021 Economic Recovery Legislative Agenda focuses on the most critical actions lawmakers and agencies can take to help communities across Washington recover, recoup and grow living wage jobs, foster vibrant communities, support equity and opportunity for all and spark re-investment.

WEDA's Top Economic Recovery Legislative Priorities:

- 1) Strengthen the Economic Development Ecosystem***
- 2) Foster Catalysts for Job Recovery & Growth***
- 3) Increase Prosperity for All of Washington***

WEDA's strategic objective is to empower communities across Washington with tools to recover from the COVID-19 crisis, assisting employers large and small in rebuilding, becoming globally competitive and growing jobs, while supporting an equitable economy and inclusive economic development.

WEDA'S TOP ECONOMIC RECOVERY LEGISLATIVE PRIORITIES

1) Strengthen the Economic Development Ecosystem

WEDA believes a robust economic development ecosystem at the state, regional and local levels is crucial for sustained economic recovery.

LEGISLATIVE REQUESTS:

- **Support and protect state-level leadership and funding for economic development, including full support for Business Recruitment, Retention & Expansion programs.**
- **Continue to restore funding for regional capacity to coordinate and deliver economic development services. Build on 2019 legislative investment and continue to restore ADO/EDC 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 35 years later, 34 high-performance regional economic development organizations serve all 39 counties and underpin the State’s economic development initiatives. These economic development organizations (also called Associate Development Organizations-ADOs or Economic Development Councils-EDCs) enhance economic development service delivery and results statewide through 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 681 businesses expand or develop new facilities and assisted 233 startups. These companies have invested over \$1.682 billion in land, buildings and equipment. These growing businesses have created over 11,928 new jobs. EDC business clients are estimated to generate over \$100 million in new tax revenues for Washington State and local communities annually. Every state dollar leverages a match of at least six dollars from other public and private sources.

Through the COVID-19 crisis, ADOs have worked in partnership with Commerce to manage three rounds of small business grant funding. In the first round, over 26,500 applications were received and 1,442 grants were awarded. The economic development ecosystem has also executed multiple other grant rounds, and conducted extensive outreach to countless small businesses, nonprofit employers and underserved communities about resources such as the federal Paycheck Protection Program (PPP).

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 since 2008, but it was partially restored in the 2019 session. 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) *Foster Catalysts for Job Recovery & Growth*

WEDA supports investments in state infrastructure financing tools and programs that catalyze business recovery, retention, expansion and recruitment at the regional and local levels.

LEGISLATIVE REQUESTS:

- Support **Small Business and Microenterprise** recovery with additional short-term investments, enhanced technical assistance and initiatives to increase access to longer-term capital
- Support strategies to help the devastated Tourism, Hospitality and Aerospace sectors recover
- Authorize Tax Increment Financing/local revitalization financing tool
- Support **state public works programs** designed to support recovering and expanding businesses:
 - Community Economic Revitalization Board (CERB)
 - Public Works Trust Fund
 - Transportation Improvement Board
 - Model Toxics Control Act (MTCA) funding
- Support **broadband capacity** initiatives and investment
- Support **increased investments in road and transit infrastructure, maintenance and services** to more efficiently move people and freight
- Support the **Economic Development Strategic Reserve Fund**
- **Protect targeted incentives** to foster innovation clusters and stimulate private investment

The COVID-19 crisis has heightened awareness that small businesses are the backbone of our economy, creating two-thirds of net new jobs and establishing the vibrancy of business districts. Unfortunately, over 70% of US small businesses shut down in March 2020 and at least one-third have not reopened. Looking forward, over 25% of small businesses owners indicate cash flow will be their biggest challenge in the near future. Small businesses need additional short-term assistance and new tools to access capital longer-term.

Reliable, modern infrastructure is critical for successful economic recovery and 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 create immediate construction jobs, set the stage for future private investment and shape an area's prospects 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 crucial to economic recovery.

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 must rely on public sector partnerships to access infrastructure. 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 and encourages development and private investment.

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 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) Increase Prosperity for All of Washington

WEDA supports policies and investments that ensure that all parts of the state, and all people, benefit in economic recovery through inclusive economic development. The economic vitality of rural and underserved urban areas is critical to the long-term health of the entire state.

LEGISLATIVE REQUESTS:

- **Support Governor Jay Inslee's Diversity, Equity & Inclusion outreach and investment proposals** for equitable and inclusive statewide recovery to ensure that historically disadvantaged businesses and underserved and underrepresented communities statewide have an equal opportunity to achieve economic recovery and prosperity.
- **Protect the .09 percent Sales & Use Tax for Public Facilities and economic development activities in Rural 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 helps build critical infrastructure, attract new industry, diversify economies and create and retain jobs.

Many of Washington's high-wage industries have weathered the COVID-19 crisis, yet many rural and underserved communities continue to struggle without adequate access to resources. This has negative impacts on communities' broader ability to grow their tax base and provide basic government services. WEDA supports strategies to address equity gaps with increased outreach, capital and technical assistance and efforts to stimulate markets in underserved communities.

ADDITIONAL WEDA PRIORITIES

Workforce Development: In a global economy, human capital is an essential ingredient that drives business innovation, growth and competitiveness. WEDA supports Washington's 12 Local Workforce Development Boards who apply an equity lens to meeting talent pipeline needs with innovative, data-driven solutions. Local Boards leverage resources to provide a quality workforce including the Job Skills Program, Customized Training, Apprenticeships, One-Stop WorkSource Centers, career connected learning and recovery-related reskilling. WEDA also supports the preservation of state funding for Washington's community colleges and public four-year universities. Maintaining investments in postsecondary education and producing a highly skilled workforce is vital for the economic development of our state. Washington State's nationally ranked talent starts with strong early learning, a robust K-12 system and completion with credentials from the State's top-quality educational institutions and internationally-recognized research universities. We face severe childcare capacity gaps that must be addressed to support early child development and working parents. 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: State agency rule proposals should address their impact on economic development. WEDA supports permit streamlining/efficiency initiatives that increase predictability in development.