

WASHINGTON ECONOMIC DEVELOPMENT ASSOCIATION (WEDA)

Working Together for Job Recovery & Economic Vitality Across Washington



2022 ECONOMIC LEGISLATIVE AGENDA

The COVID-19 pandemic provoked a historic and unprecedented economic recession that devastated communities, businesses and families, with employment declines greater than the deepest point of the Great Recession. While we are making progress toward recovery, communities across Washington State are still struggling, countless small businesses are still boarded up and the tourism/hospitality and manufacturing industries have been devastated. Despite significant federal relief, emergency state investments and significant work by many, economic recovery will continue to 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 across all of Washington. WEDA's 2022 Legislative Agenda focuses on the most critical actions lawmakers and agencies can take to help communities across Washington recover and grow living wage jobs, foster vibrant communities, support equity and opportunity for all and spark re-investment.

WEDA'S TOP 2022 LEGISLATIVE PRIORITIES:

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

WEDA's over 150 organizations includes cities, counties, ports, economic development councils, tribes, business, education and community-based organizations that prioritize economic development. WEDA's strategic objective is to continue 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 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.

2022 LEGISLATIVE REQUESTS:

- **Support and protect state-level leadership and funding for economic development, including full support for Business Recruitment, Retention & Expansion programs.**
- **Support and protect funding for regional capacity to coordinate and deliver economic development services.**

Governor Booth Gardner created the “Team Washington” network in 1985 and over 36 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 **717 businesses expand or develop new facilities** and **assisted 226 startups**. These companies have invested over **\$2 billion** in land, buildings and equipment. These growing businesses have created over **13,078 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. In the new 2021-2022 state ADO contracts, there are new performance metrics focused on equity and inclusion.

Through the COVID-19 crisis, ADOs worked in partnership with Commerce to manage four major rounds of small business grant funding totaling over \$284 million, and much more including local/regional funding. In the first Commerce grant round, over 26,500 applications were received, and 1,442 grants were awarded; Commerce has now awarded over 13,000 grants to small businesses through COVID-19. 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 SBA Paycheck Protection Program and the Restaurant Revitalization Fund.

In the 2021 session, the Legislature finally restored state and regional economic development funding from severe reductions made in the Great Recession. This will make a significant difference in job recovery and growth across Washington. Additional resources will be needed to help address challenges faced in rural communities as well as underserved urban areas, and to overall strengthen Washington’s economic development ecosystem, including local economic development and a robust, aligned small business support ecosystem.

2) Foster Catalysts for Job Recovery & Growth

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

2022 LEGISLATIVE REQUESTS:

- **Support Small Business and Microenterprise recovery with enhanced technical assistance and initiatives to support entrepreneurship and strengthen the statewide Small Business ecosystem**
 - State investment in the Washington Small Business Development Center (**\$1 million**) and Minority Business Development Agency (**\$400,000**), both lacking state support
 - Capacity building/ecosystem alignment (**\$650,000** – *could use one-time federal funding*)
 - Catalytic Opportunity Fund – ignite regional/local partnerships to spur recovery focused on underserved communities (**\$25 million**— *could use one-time federal funding*)
- **Support strategies to help the devastated Tourism/Hospitality & Manufacturing sectors recover**
- **Support Governor’s request for \$7.5 million for Community Economic Revitalization Board (CERB) to build infrastructure which will foster job growth in urban and rural counties, and \$2.5 million for grants for shovel-ready manufacturing sites**
- **Support state public works programs designed to help recover and expand businesses:**
 - Community Economic Revitalization Board (CERB) core funding
 - Public Works Trust Fund
 - Transportation Improvement Board
- **Support broadband capacity initiatives and investment**
- **Support increased investments in road and transit infrastructure, maintenance and services to move people and freight more efficiently**
- **Support the Economic Development Strategic Reserve Fund**
- **Protect targeted incentives to foster innovation clusters and stimulate private investment**

The COVID-19 crisis heightened awareness that small businesses are the backbone of our economy, creating two-thirds of net new jobs and anchoring the vibrancy of business districts. Ninety-nine percent (99%) of all firms in Washington are small businesses with less than 100 employees. Unfortunately, over 70% of US small businesses shut down in March 2020 and at least one-third have still not reopened. Small businesses need additional short-term assistance, short and long-term technical assistance and new tools to pivot and grow.

Reliable, modern infrastructure is critical for successful economic recovery and development. Underpinning all commerce is physical infrastructure: roads, transit, airports, railroads, water/sewer, broadband and energy. Public investments in infrastructure create construction jobs, set the stage for future private investment and shape an area's prospects for generations. Responding swiftly to unforeseen infrastructure needs of new or relocating businesses is also crucial to economic recovery. Washington State's economic development future depends on both infrastructure capacity and the wise stewardship of these resources. 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. The Legislature should support tools and programs for local 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 and growth through inclusive economic development. The economic vitality of rural and underserved urban areas is critical to the long-term health of the entire state.

2022 LEGISLATIVE REQUESTS:

- **Extend 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 & use tax for over twenty years. This tool helps build critical infrastructure, attract new industry, diversify economies and create and retain jobs.
- **Protect new Diversity, Equity & Inclusion investments** in outreach and assistance programs 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.

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, tools and technical assistance and efforts to stimulate markets in underserved communities, including rural.

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 public and private resources to help provide a quality workforce, yet the pandemic has created a serious gap between the available workforce and the changing demands of Washington employers. This requires new approaches based upon understanding local economies – rural and urban – and investing in collaborative local efforts that sustain our state’s economic recovery through reskilling and reemployment in family-sustaining jobs. To accomplish this, Washington state needs to look beyond current federal and state resources. WEDA recommends establishing a **Workforce Innovation Fund** that offers flexibility to implement programs and support strategies to address the myriad challenges faced by communities as we all work to develop and connect our talent with new opportunities in the 21st century economy. Other important workforce programs include the Job Skills Program, Customized Training, Apprenticeships, One-Stop WorkSource Centers, career connected learning and recovery-related reskilling, among others.

WEDA also supports the preservation of state funding for Washington’s community colleges and public four-year universities. Maintaining investments in post-secondary 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 also face severe childcare capacity gaps that must be addressed to support early child development and working families. In sum, 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.