



2008 LEGISLATIVE AGENDA

BUSINESS TAXATION

2008 DRAFT POSITION STATEMENT

“The tax burden on Washington business is the highest of seven western states and overall businesses pay forty-five percent of Washington’s taxes. Without business taxation reform Washington State will remain less competitive in the region and will continue to experience a high business failure rate.”

-- Washington State Department of Revenue

In 2006, Washington State was second to other states in new business start-ups but languished in last place in its ability to sustain those businesses, with over 40,000 closing. It is imperative that the Legislature strongly consider Washington’s global competitiveness and the negative effects that new taxes and fees have on the business community and our state’s economic stability. Financial policies must be fiscally sound and focus on nurturing a strong business climate that creates jobs and economic opportunity.

- Support the Priorities of Government model in developing state budgets. Exercise fiscal restraint, and ensure that performance audits, measurement, and continuing evaluation are incorporated into the process.
- Eliminate multiple taxation to ensure that no more than one hundred percent of a business’s gross receipts are taxable.
- Exempt Business & Occupation (B&O) tax on the first \$250,000 of gross receipts
- Repeal the estate tax to prevent wealth from migrating out of state.
- Oppose any shift from the uniformity of property taxation to split tax rolls to avoid any additional tax burden on businesses within the state.

ECONOMIC DEVELOPMENT

2008 DRAFT POSITION STATEMENT

Washington State has been a strong force in economic development but there is no guarantee that our prosperity will continue. The environment for economic development is changing at a rapid and dramatic pace as the forces of globalization become more prevalent. It is incumbent on Washington State to develop an economic strategy in concert with the private sector that will result in global competitiveness, continued business growth and job creation.

The Coalition urges the Legislature to:

- Continue to expand the LIFT/Tax Increment Financing program beyond initial projects so more communities, including those on the Eastside, can take advantage of this vital resource. Implement legislation that will result in more opportunity for funding of infrastructure improvements prior to development or redevelopment.

- Restore Research & Development (R&D) tax incentives to the original pre-2004 rate and extend them to other growth sectors, particularly in areas proven to create jobs and strengthen industry.
- Expand funding for the Dept. of Community, Trade & Economic Development (CTED) to market Washington State nationally and internationally as a location for businesses, direct foreign investment, and as a destination for visitors.
- Continue the State's investment in implementing the Washington Life Sciences Strategy with ongoing support for the Life Sciences Discovery Fund including a sustained commitment from the bonus tobacco-settlement funds.
- Take greater strides toward investing and prioritizing funding for education to ensure the availability of qualified workers that reflect the diversity of the employer base.

EDUCATION – COMPLETE

2008 DRAFT POSITION STATEMENT –

“Human capital and innovation are fundamental to gaining a competitive advantage in the modern economy. The success of companies, industries and states increasingly depends on an educated, flexible workforce, their access to new technology, and their ability to rapidly innovate.”

-- Washington Competitiveness Council

Business needs educated employees to grow and thrive. Unfortunately, Washington State's education system is not fully meeting the needs of current or future Eastside businesses, especially in the fields of technology, science, mathematics, healthcare and skilled trade industries.

Washington should prioritize funding for education in a stable and predictable manner. Since all students must be prepared to enter the globally competitive workforce, investment should be focused on providing more degree and certificate programs in high-demand fields with greater incentives for collaboration between education and business to meet the future employment demands of the Eastside. Further, accountability should be strengthened and articulation, integration and measurable performance should be ensured at all levels of education.

Higher Education

- Create a more competitive workforce by expanding enrollment slots at all levels of higher education and prioritize degree, professional and vocational apprenticeship, and certificate program offerings toward jobs and industries of the future.
- Base funding for FTE's on the actual cost of instruction in fields that are critical to the state's economic growth.
- Encourage stronger coordination of workforce development between K-12 and post-secondary education entities and base targets on employer and economic demands.

K-12 Education

- Continue to champion rigorous standards implemented by well-rounded curricula that encourages accelerated learning, advanced placement, and career/technical courses so all students will be prepared for college or other post-high school education.
- Adopt and fund incentive-based programs that attract and retain quality teachers and address the shortage of educators in the fields of mathematics, science, special education, early learning, and bilingual studies.
- Offer quality programs including core competencies and life skills that encourage students to build upon basic education and help them become workforce-ready graduates and better qualified job applicants.
- Support the enhancement of teaching strategies and curriculum development to improve student performance in mathematics and science.

Early Childhood Education

- Design early childhood education curricula to include life, communication and readiness skills needed to maximize kindergarten effectiveness and basic education preparedness.
 - Develop metrics to measure program success and hold state-funded preschools and early childhood programs accountable.
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ENERGY

2008 DRAFT POSITION STATEMENT

Demand for energy resources will increase as Washington's economy and population continue to grow. To meet future demand, Washington must:

- Preserve existing state and regional hydroelectric investments.
- Increase supplies of natural gas to Washington including increased interstate natural gas transport capacity and establishment of a regional liquefied natural gas facility in the Northwest.
- Develop a diverse portfolio of generation resources with ample transmission and distribution infrastructure to ensure efficient and reliable service and delivery to residents, businesses, and load centers.
- Maximize use of energy conservation and efficiency technologies across all segments of the economy.

We urge the Legislature to:

- Encourage development of a diverse portfolio of conventional and renewable energy resources such as hydroelectric, geothermal, solar, wind, fuel cells, and waves for generation, and biomass for liquid fuels.
 - Support ongoing efforts of the Washington Energy Facility Site Evaluation Council to adopt policies and procedures that streamline siting actions and assure timely decisions regarding development of new energy resources.
 - Recognize and support the responsibility of local government to address siting of critical energy infrastructure in long range land-use plans and allow cities to protect vital infrastructure information for security purposes.
 - Facilitate utilities' ability to comply with the requirements of I-937 in an increasingly competitive renewable resources marketplace.
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ENVIRONMENT

2008 DRAFT POSITION STATEMENT

As the Puget Sound population grows, more demands will be placed upon our environment. We encourage the Legislature to balance decision making between environmental, economic and societal benefits, and support tangible incentives (not regulations) that promote innovation and market-based solutions resulting in better resource efficiencies. We support efforts to reduce the inconsistencies between regulations and incentive based programs that are based on emerging National Standards. Policy changes at the state level must seek a net improvement in "society's overall well-being" and avoid promoting one industry or popular movement at the expense of other economic sectors.

- Ensure that all state and local government legislation pertaining to water, critical areas, storm water management, natural resources and environmentally sensitive building codes be reasonably consistent with Emerging National Standards for building guidelines.
- Encourage land use policies that emphasize a fact-based scientific analysis of potential environmental concerns.

- Leverage resources across the state by building on existing programs and striving for more consistency between governing bodies.
- Provide municipalities with incentives and tools to enable improved training and education of permitting and inspecting personnel.
- Ensure that green building practices and reviews occur in a timely and predictable manner.
- Require state agencies with broad environmental mandates to:
 - Include both public and private sector representatives at the leadership level
 - Incorporate ongoing public involvement and education
 - Require accountability for achieving results outlined in the mandate
- Do not expand health impact assessments beyond the SR 520 Bridge project.

GROWTH MANAGEMENT

2008 DRAFT POSITION STATEMENT

Population in the Puget Sound Region is expected to grow significantly in the next 10 years. The Growth Management Act mandates that counties and cities plan for growth of residential, commercial and industrial uses within our Urban Growth Boundaries. However, there is a shortage of buildable lands as a result of the increasing demands, Critical Areas Ordinances (CAO's), and other regulations, making development extremely expensive. Barriers to responsible development should be eliminated and incentives provided for sustainable development.

Action should be taken to:

- Support local jurisdictions that reconcile and balance the obligations of Buildable Lands, Comprehensive Planning and Critical Areas Protection such that all obligations are met.
- Allow developers to use a fact-based scientific analysis to mitigate potential impacts of CAO's without reducing buildable land capacity. Encourage local jurisdictions to offer clear incentives, such as reduced buffers, increased building heights and densities in exchange for stream and wetland buffer improvements; and for a pre-decision, third party review of an applicant's Critical Areas Report.
- Encourage local jurisdictions to provide clear and predictable goals, reasonable fees and manageable timelines in their permitting process. Support a uniform permitting process across municipalities to reduce red tape and costly time constraints that would allow faster track development.
- Support an atmosphere of open dialogue and flexibility for developers and municipalities to work together for the best outcome for all parties.
- Do not deprive property owners of reasonable use. Support mitigation measures that are "reasonable and feasible" for development or improvements that achieve no net loss of wetland or stream functions.
- Ensure an adequate supply of housing for all income ranges and diverse populations by establishing effective rewards for cities and counties that comply with housing targets.
- Enforce legislation that requires impact fees and infrastructure revenue from excise taxes to remain restricted to currently designated capital infrastructure and to be invested in a timely fashion.
- Ensure property owners are given just compensation for the taking or reduction of property.

HEALTH INSURANCE

2008 DRAFT POSITION STATEMENT

Health care costs for businesses and their employees are rising every year. Employers want to provide health insurance but many are deciding to cancel or reduce coverage because the cost is too high and future costs too unpredictable. Many are still unable to add coverage for the first time. An expensive health care market makes Washington unattractive to new and existing businesses. Government policies should be revised to reduce unnecessary regulations, most particularly, mandated benefits. Washington needs to explore ways to attract new carriers – increased competition brings innovation.

The Coalition urges the Legislature to:

- Encourage innovative, private-sector, market-based solutions to increase access to health care coverage and improve delivery of care. Explore ways to attract new carriers.
- Encourage the purchase of high deductible health plans coupled with pre-tax health savings accounts to help make consumers more aware of procedure costs, decreasing utilization and ultimately reduced health care costs.
- Oppose government run insurance approaches like the Massachusetts Connector and “fair share” legislation. These concepts constitute a payroll tax, depress the economic climate, require a new state bureaucracy, and negatively affect business attraction and retention.
- Create an "economy" health insurance plan, a more affordable mechanism for employers to provide health care insurance coverage for workers. To achieve this, mandates should become “required offerings” and risk evaluation criteria should be expanded.
- Allow an additional, more affordable, mandate-free Basic Health Plan option and improve eligibility systems to ensure state funding is covering the chronically uninsured and those living in poverty.

HUMAN RESOURCES & EMPLOYEE BENEFITS

2008 DRAFT POSITION STATEMENT

Washington State has become one of the most expensive states in the nation in which to do business with the highest minimum wage and Unemployment and Worker’s Compensation taxes almost three times as high as the national average. Now we are the second state in the nation to offer paid family leave benefits with funding yet to be determined. Our State’s national and global business competitiveness are negatively impacted by the continually rising costs of doing business. While a strong economy has helped to carry the burden in the short term, Washington is poorly positioned to weather a significant economic downturn in the long term.

We urge the Legislature to:

- Evaluate all state benefit programs and determine which are most cost-effective and deliver the greatest level of service for businesses and focus on reducing or eliminating programs that add to the overall tax burden.
- Freeze the minimum wage and allow employers to pay less per hour in specific, warranted situations (apprenticeship, employee minors, internships, etc.)
- Decrease the maximum Workers Compensation benefit allowed, change the index used for cost of living adjustments from the State’s average wage to the Consumer Price Index, maintain the one year statute of limitations for claims, and provide more emphasis on fraud investigation. In addition, allow private insurers to offer competitive Workers’ Compensation Insurance.
- Do not allocate funding to implement paid family leave or expand the program further to include paid sick leave. If it is determined to be a cost-effective benefit, implement it as

a pilot project with clear measurements for cost effectiveness and outcome benchmarking.

- Ensure that Unemployment Insurance benefits are only available to workers who are unemployed through no fault of their own, unemployed for reasons directly related to the employer/employee relationship, or remain able and available for work or are enrolled in certified worker retraining program.

LIABILITY REFORM

2008 DRAFT POSITION STATEMENT

Washington State's tort system places a repressive burden on business. The overall economy suffers when productivity and growth are slowed by excessive litigation, which discourages risk-taking and slows the introduction of new products and technologies. The cost of liability insurance is forcing businesses to pay higher prices, leave our state, and close their doors.

The Coalition urges the Legislature to:

- Enact laws to limit lawsuit abuse, reduce the cost of defending lawsuits, and reduce the practice of using courts to regulate business.
- Advance proposals to help resolve cases faster and increase the fairness and predictability of the civil justice system.
- Support legislation that makes the reward proportional to the defendant's fault, limits defendants to only responsible parties and maximizes compensation for the plaintiff versus the lawyers.
- Support legislation that encourages and oppose legislation that discourages builders and subcontractors from successfully providing housing affordability
- Oppose efforts to unduly burden the homebuilding industry with additional warranty standards that result in increased housing prices and decreased insurance availability for new construction.
- Repeal the Insurance Fair Conduct Act of 2006, and do not expand the premises of the measure to encompass health insurance.

REGULATORY REFORM

2008 DRAFT POSITION STATEMENT

As the fifth most regulated state in the nation, Washington struggles to compete in the national economy against less regulated states, placing our state at a severe competitive disadvantage. Without sacrificing essential environmental or safety precautions, strong and swift legislative action is required to reduce the regulatory overload.

The Coalition urges the Legislature to:

- Insist on the burden of proof that an agency must provide when requesting new rules. This includes an analysis of the new rule's compatibility with existing rules, an economic impact analysis and proof that the new rule will coordinate with existing local, state and federal laws.
- Require that agencies have legislative authority to develop new rules and cite specific text of law when doing so.
- Support the reauthorization and funding of the Office of Regulatory Assistance for the purpose of targeting agency reforms to those that will ultimately reduce the regulatory burden of Washington businesses, including but not limited to the following:

- Providing technical assistance as the first solution to compliance issues, rather than enforcement.
 - Consolidating and streamlining the permit and appeal processes;
 - Providing methods for increased electronic transactions for public use; and
 - Continuing the use of sunset provisions for accountability in determining effectiveness of the Office.
- Support legislation that requires the Governor's signature on significant rules as defined in RCW 34.95.328 before becoming effective.
 - Oppose legislation that negatively impacts association health insurance plans. These plans provide affordable health care insurance to thousands of small employers and must be retained.
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TECHNOLOGY

2008 DRAFT POSITION STATEMENT

Washington State is a leader in technology. To ensure continued technological advancements and investment in technology infrastructure, it is critical for the state to maintain a regulatory environment conducive to business growth.

The Coalition urges the Legislature to:

- Encourage fair and robust competition to create greater consumer choice.
 - Ensure regulatory consistency by treating like services alike, regardless of the industry providing the service.
 - Retain tax incentives for technology research and development.
 - Support policies that encourage private sector investment in infrastructure and development of advanced communications technologies.
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TRANSPORTATION

2008 DRAFT POSITION STATEMENT

As the Eastside's population and employment continue to grow, so does congestion and traffic. Transportation is the critical link between business competitiveness and the ability to attract and retain employees, as well as moving freight conveniently and safely on major corridors. While significant strides were made with the Nickel Package and the Transportation Partnership Act, Washington's economic health and global competitiveness are dependent on the state's and region's ability to make ongoing investments in transportation infrastructure that will result in reduced congestion and improved mobility for all users.

We urge the Legislature to:

- Ensure that funding for transportation remains a high priority and encourage new funding to be allocated using the approach and criteria utilized in the Nickel Package.
- Ensure that funding and timelines for projects on key Eastside corridors including SR 520, I-405, I-90 and SR 167, remains in place given increased costs of construction, materials and demand.
- Establish a system-wide governance structure that incorporates key elements from the Regional Transportation Commission's recommendations and provides focused leadership and accountability. Measurements for success should include congestion reduction, environmental benefits and safety improvements while encouraging each mode of transportation to operate efficiently and economically within its respective market share to meet the growing demands of the Eastside.

- Oppose measures to institute a container tax. This regressive tax only creates further competitive disadvantages to a cost-effective method of moving freight.
 - Develop concise and effective legislation to induce local jurisdictions to achieve meaningful and realistic concurrency compliance through expanded capacity and congestion relief that has been authorized by the legislature.
 - Expand permit streamlining in transportation planning, particularly when dealing with environmental issues.
 - Return the sales tax on WSDOT projects to the Transportation Capital Budget instead of the General Fund.
 - Clarify tolling authority and define goals for tolling to maximize throughput on statewide corridors. Make better use of existing infrastructure and fund future capital improvements. Ensure that the potential use of tolling is aimed at congestion relief and mobility, maximizing performance and value, and is applied equitably across the region.
 - Ensure that WSDOT and Sound Transit meet or exceed their promised goals on all projects and measurably improve on performance. In addition, update project and asset management programs to significantly reduce costs while working toward a balanced regional transportation system.
 - Ensure that a regional transportation authority and investment plan be formulated by the participating counties which will focus the regional transportation authority's resources to reduce congestion.
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WATER

2008 DRAFT POSITION STATEMENT

The Coalition supports policies that encourage water conservation, provide sufficient water for a growing economy, and offer flexibility in the use and transfer of existing water rights.

The Coalition urges the Legislature to:

- Encourage the development of effective water management techniques, which may include banking, the trust water rights program, storage, reclaimed water for selected uses, inter-basin water transfer and flow augmentation in order to meet the needs of out-of-stream uses while enhancing in-stream flows.
 - Enforce deadlines for the State Department of Ecology (DOE) to process water rights applications.
 - Enable DOE to transfer water rights between ground and surface sources in the same water basin if they are hydraulically linked.
 - Support the efforts of the Cascade Water Alliance, Seattle Public Utilities, and other suppliers to develop safe, affordable, and environmentally responsible water supplies that meet the growing needs of the region.
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Coalition Top 4 Priorities:

- 1. Transportation**
- 2. Education**
- 3. Economic Development**
- 4. Business Taxation**