

**Putting Washington to Work,
Rebuilding our Economy**

Governor Inslee's top priority is to create and sustain a thriving economic climate that spurs job growth in every industry sector and every corner of Washington state. Our schools and businesses must work together to prepare students and workers for today's jobs and the jobs of the future. The comprehensive jobs plan builds on Washington's long tradition of innovation and harnesses our unique abilities to lead in the global economy.

WORKING WASHINGTON AGENDA

Educating a 21st century workforce

**Improving the business climate
and expanding our workforce** ▶

Advancing Washington's aerospace
leadership

Health care reform: healthy people,
healthy economy

Clean energy, climate action and
plentiful water

Improving the Business Climate and Expanding Our Workforce

Washington is home to one of the most diverse economies in the world. But to remain competitive in the global marketplace, we must continue working to create a vibrant business climate and thriving workforce. Governor Inslee's multi-faceted strategy includes regulatory innovation, spurring innovation, supporting key business sectors and promoting job growth.

Washington's jobs agenda includes a package of bills to promote the hiring of veterans, streamline state regulatory rules, boost investment in communities, deliver targeted tax relief and offer technical assistance to small



businesses looking to expand. The Governor is also working with legislative leaders and key stakeholders to address the state's critical backlog of transportation needs. Through these efforts, Washington will become a more attractive place to conduct business and attract new firms to the state.

Building a 21st century transportation system

Washington's businesses and their workers rely heavily on our highways, railways, ports and airports. We have made significant strides over the past decade in improving our transportation system. Yet there is still much work to do in ensuring we have a transportation infrastructure that meets our economic needs and improves our quality of life as our population grows.

Governor Inslee will work this session with stakeholders who have already committed to a bipartisan plan to invest in an infrastructure for the next generation — and he knows that new revenue is needed. As the Governor said in his inaugural address, we must recognize that creativity is as important as concrete. He agrees we need a transportation package that includes funding for roads, trains, light rail, buses, bike routes and other modes of transportation. He also believes the package must tap Washington's innovative spirit by enhancing our demand management and trip reduction programs — including support

for transit-oriented development — and by reducing our carbon emissions through electrification of the transportation system and greater availability of biofuels made in Washington.

Hiring those who served

Washington is home to more than 600,000 veterans, many of whom have served their country with distinction and honor through multiple tours of duty. Unemployment among their ranks continues to be higher than it is for civilians.



Governor Inslee has proposed legislation that provides Washington state employers with a business and occupation tax credit for hiring unemployed and honorably discharged veterans. The credit is equal to:

- » 20 percent of wages (up to \$3,000) for unemployed veterans of Operation Enduring Freedom or Operation Iraqi Freedom; or
- » 10 percent of wages (up to \$1,500) for unemployed veterans of armed conflicts that occurred before Operation Enduring Freedom.

Veterans must have worked for at least six months during each tax year, beginning in 2013, for the employer to qualify for the tax credit. The Joint Legislative Audit and Review Committee will report on the effectiveness of the tax incentive by 2018.

The Governor is also proposing legislation to provide veteran-owned businesses with more opportunities to do business with the state and other public agencies. Under the legislation, agencies will be asked to increase contracts with veteran-owned businesses, from 3 percent to 5 percent of all agency purchases. It also calls on the state Department of Veterans Affairs to step up efforts to seek out and assist veteran-owned businesses and to work with the Department of Enterprise Services to develop a plan to track and monitor purchasing.

MyAccount

Small businesses drive Washington's economy, yet establishing and operating one can be challenging. Unlike their larger counterparts, many small business owners do not have access to accounting and legal resources to help them move smoothly through the regulatory process.

The Governor proposes the creation of "MyAccount," an online tool that offers one place where businesses can register, track progress of permits, file taxes and stay up to date on relevant requirements. By applying Lean principles to the design of MyAccount, small businesses can spend less time worrying about compliance and more time focused on expanding and hiring more employees. MyAccount will come online in stages, with full access expected by the end of 2015.

Regulatory Innovation Center

State regulations protect and improve the health and safety of workers, patrons of restaurants and anyone who breathes the air or drinks the water. But some regulations are outdated and others, when combined, can pose undue costs and bureaucratic burdens on businesses and citizens, stifling job growth.

The Governor will create a Regulatory Innovation Center that identifies problems and recommends ways to reduce the time and cost of government interaction. The center will coordinate and improve efforts under way in the Department of Commerce, the Office of Regulatory Assistance and the Governor's Office. The center will employ proven Lean techniques to drive innovation and efficiency.

Tradable R&D tax credit

Washington has the third-highest rate of start-up businesses in the country — and the second-highest failure rate. In part, this is due to a tax system that is overly burdensome on new businesses that may not reach profitability for years until their research and development investments begin paying off.

Other states allow high-tech and biotech start-ups in their pre-revenue stage to sell tax credits offered them within certain criteria and minimum percentage of their value. To help these fledgling businesses get off the ground, we will do the same here in Washington.

Tax relief for start-ups in high-demand fields

To build an innovation economy, start-up companies in high-demand, research-intensive fields need relief from our business and occupation tax that targets gross revenue, not profits. Research shows new small businesses often struggle to make profits and fail before their idea or product can reach market.

The Governor supports House Bill 1693, sponsored by Rep. Cyrus Habib, which will allow a new business in a high-growth sector such as engineering, information technology or life sciences research and development to deduct up to \$2 million in each calendar year.

Procurement Technical Assistance Center

Washington's Procurement Technical Assistance Center serves military interests

by providing no-cost technical assistance to local firms looking to expand in the regional, state and federal government marketplace and in such industry clusters as aerospace and information technology.

The Governor proposes to increase capacity to help more of these start-ups and small businesses prosper. This would help businesses, for example, to explore ways to complement our state's military installations.

Farmworker housing

Washington's thriving agriculture industry depends upon workers to harvest crops and those workers require housing. While some new housing has been supplied, studies show a large unmet need.

The Governor supports investment from the state taxable Building Construction Account solely for the development of housing for low-income farmworkers. The Department of Commerce will work with stakeholders to establish priorities to ensure funds are targeted to the highest identified needs.

Tourism

Investing in efforts to increase tourism, the state's fourth-largest industry, offers enormous benefits for our economy. To compete for tourism dollars, Washington will re-engage in the funding, coordination and promotion of our state as a pre-eminent destination. Through bridge funding allocated to a newly created, industry-led alliance, our state will be better poised to maintain its status as a world-class destination for families, adventurers, recreationalists and businesses.

We will support investing in the development of a website, postage for mailing marketing materials, operation of a call center and other activities pivotal to regaining Washington's stature in the tourism sector.

Governor Inslee's priorities

- » Work with legislators and stakeholders to craft a comprehensive, innovative transportation plan
- » Pass tax credits for businesses that hire unemployed veterans
- » Create a one-stop online tool to help businesses register, track permits, file taxes and get important notices
- » Establish Regulatory Innovation Center to streamline government/business interactions
- » Adopt House Bill 1693 to provide tax relief to businesses in high-growth sectors
- » Expand efforts to help businesses compete for federal contracts
- » Address critical shortage in housing for low-income farm workers
- » Work with industry to revitalize Washington's tourism promotion efforts