

WHAT THE 2019 LEGISLATIVE SESSION MEANS FOR PIERCE COUNTY

The 66th Washington State legislative session came to a close April 28, yielding some big economic development wins for Tacoma-Pierce County, along with some major tax increases likely to be felt across the business community. Here's a look at some results of the session that will impact the region.

A unified voice in Olympia

For the **Washington Economic Development Association** (WEDA), a partner of the EDB, the 2019 legislative session was an opportunity to reverse some negative trends and put more resources in the pockets of organizations across Washington State working to retain, expand, and recruit jobs and investment.

"In the last year, we cranked up the volume on the benefits of economic development investments, helping people understand we can't be complacent," said Suzanne Dale Estey, WEDA executive director. "We need to be intentional across the whole state, where many people are still struggling."

The nonprofit group is Washington State's only trade association focused on economic development, comprised of private businesses, economic development councils, ports, governments, tribes and others committed to enhancing the state's job-creation climate. When WEDA speaks, Olympia listens.

Here are some of the results of WEDA's focused effort to bolster the state's economic development ecosystem:

- Following a decade-long decline in funding for Washington State's Association Development Organizations (ADOs), such as the EDB, the 2019 legislative session brought a \$1 million bump in funding that will benefit regional economic development in counties of all sizes across the state. "We need to empower communities with tools to be world-class economic engines and help businesses large and small become globally competitive," Dale Estey said. "We're on our way to restoring this critical economic development ecosystem."

Conversely, the state's economic development Strategic Reserve Fund (SRF) took a \$2 million hit. Dale Estey is optimistic funding for the discretionary job creation/retention incentive will be restored.

- A huge win for Tacoma-Pierce County was passage of **HB 1746**, which incentivizes the development of commercial office space in cities in counties with a population of less than 1.5 million. The **City of Tacoma** led the way on the bipartisan bill with outstanding assistance from the **Tacoma-Pierce County Chamber** and WEDA.

Market conditions have changed since work on the bill began years ago, but the message to the business community hasn't. "Tacoma welcomes businesses, their employees and their families," said Elly Walkowiak, assistant director of the city's **Community and Economic Development Department**. "Tacoma worked to ensure investment in commercial office space in smaller cities can compete with the Seattle market and its higher lease rates."

Green light for transportation, port projects

The legislative session paved the way for transportation improvements expected to pump up economic development in the region. Most significant, passage of **SB 5825** provided the final major piece of state funding (\$180 million) for the **Puget Sound Gateway Program**, which will complete State Route 167 in Pierce County and State Route 509 in King County, essential gateways to Tacoma and Seattle ports. The bill bonds \$340 million for the project, accelerating cash flow and the construction schedule.

Other notable wins include:

- **\$332 million for I-5 improvements** including a new lane between Thorne Lane and the Mounts Road interchange near **Joint Base Lewis McChord**.

- **\$4 million for DuPont-Steilacoom Road** lane construction in both directions, easing commuter congestion.
- **\$4.2 million for Pierce Transit stations** along the Pacific Ave./SR-7 Bus Rapid Transit (BRT) route, one of Pierce County's busiest corridors.
- Legislation benefiting the Port: **HB 1254** allows unregistered vehicles shipped as marine cargo to be operated on public roadways. The bill avoids potential disruption to the **Port of Tacoma** auto line of business and potential secondary adverse impacts to the breakbulk business. **HB 1512** authorizes utilities, such as **Tacoma Public Utilities**, to invest in transportation electrification projects.

Building boom

The two-year Washington State capital budget appropriates funds for state construction projects, grants and loan programs for local governments, and to build and improve K-12 schools and facilities for higher education. See our electronic *Teamwork* newsletter for a breakout of the \$4.9 billion budget, including \$96.5M for local government infrastructure and \$175M for affordable housing projects.

Mix of taxes

Not every tax is created equal and the session had some surprises, including a significant increase in business and



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950 Pacific Avenue, Suite 410
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occupation taxes on large banks and a change to the state's real estate excise tax. The business community is still digesting the results and their impact on local job creation and investment. Stay tuned.

On the federal front

In the 115th Congress, Rep. Derek Kilmer (WA-6), former EDB VP, cosponsored the Investing in Opportunity Act (**HR 828**). The bill is the basis for the Opportunity Zone program that created an incentive for entrepreneurs and businesses to invest in communities throughout the region. Pierce County is home to 12 designated Opportunity Zones.

Rep. Kilmer also used his position on the Appropriations Committee to urge the Department of Treasury and Small Business Administration to develop a strategy to identify resources that support entrepreneurs and promote greater investments in Opportunity Zones. Also this year, **Pierce Transit** worked with Rep. Kilmer's office on a bill that encourages prioritized funding for transit projects serving Opportunity Zones.

Our electronic newsletter offers a more in-depth look at the legislative session. In a future issue of Teamwork, we'll look at Pierce County's workforce pipeline, with a focus on higher education and its recent legislative successes.

Teamwork is a service of the EDB, a non-profit corporation focused on recruitment and retention of primary businesses in Tacoma and Pierce County, Washington, USA.

950 Pacific Avenue, Suite 410 / Tacoma, Washington 98402 / 253.383.4726