

AWB Mission & Vision

- <u>Mission</u>: AWB is the catalytic leader and unifying voice for economic prosperity throughout Washington state.
- <u>Vision</u>: Washington will excel as a globally competitive state built on a solid foundation of innovation, a world class workforce, and a quality of place second to none.

Strategies for Achieving Mission & Vision

Achieve: Provide a high-caliber education and workforce development

system aligned with the demands of the 21st century.

Connect: Create an efficient, multi-modal transportation and infrastructure

system that links Washington's employers and communities to each

other and to the world.

Employ: Encourage and support innovation, entrepreneurship, job retention

and creation.

Compete: Foster a business environment conducive to creating a resilient and

growing, statewide economy.

Place: Cultivate actions that enable vibrant communities and

environments.

Business Climate

The state of the economy



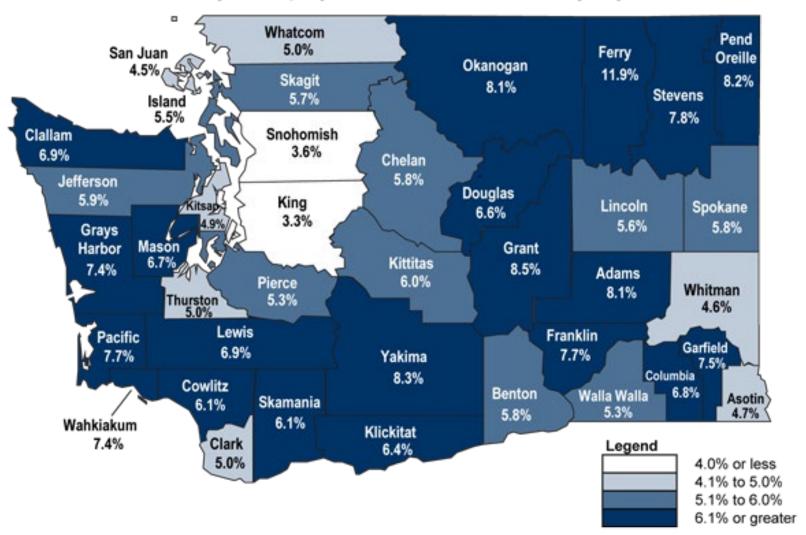


US Economy

- National unemployment 3.9%
- Government shutdown
- Mixed earnings reports
- Volatile stock market
- Declining oil prices
- Housing market cooling
- Global trade concerns

Washington Unemployment

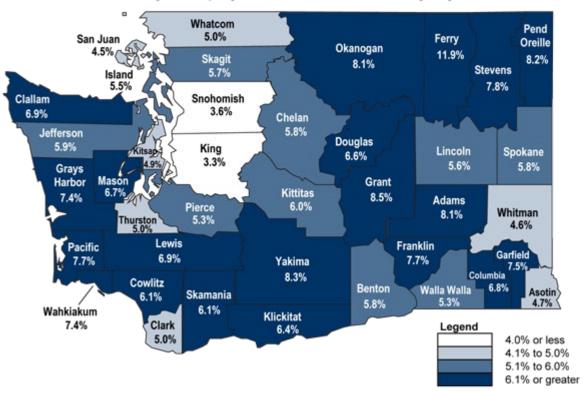
December 2018
County unemployment rates, not seasonally adjusted



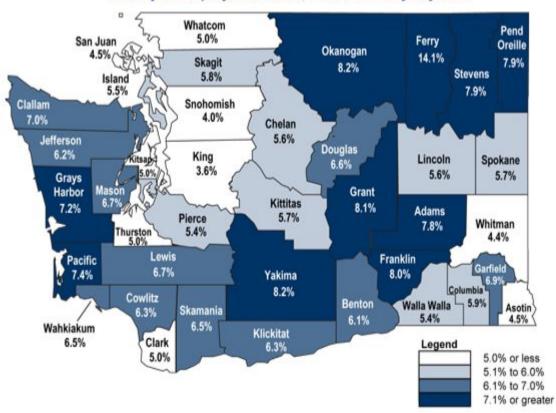
Unemployment Rising in Many Counties

December 2018

County unemployment rates, not seasonally adjusted



December 2017 County unemployment rates, not seasonally adjusted



Washington Job Growth - December

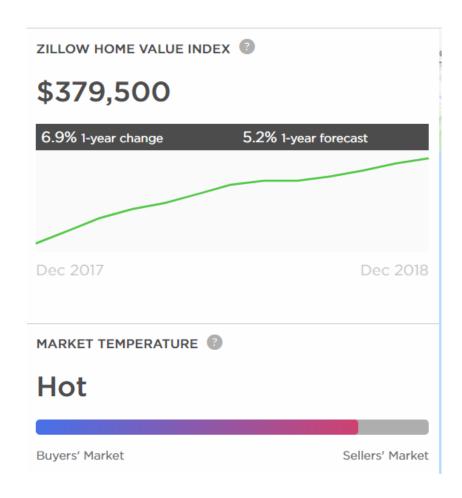
• 11,400 new jobs

10 industries expanded

- > 2,400 Construction
- 2,100 Transportation, warehousing and utilities
- > 1,800 Manufacturing
- > 1,600 Government
- > 1,100 Other services
- ➤ 800 Education and health services
- > 500 Leisure and hospitality
- > 500 Information
- > 500 Financial activities
- > 100 Mining and logging

2 industries contracted

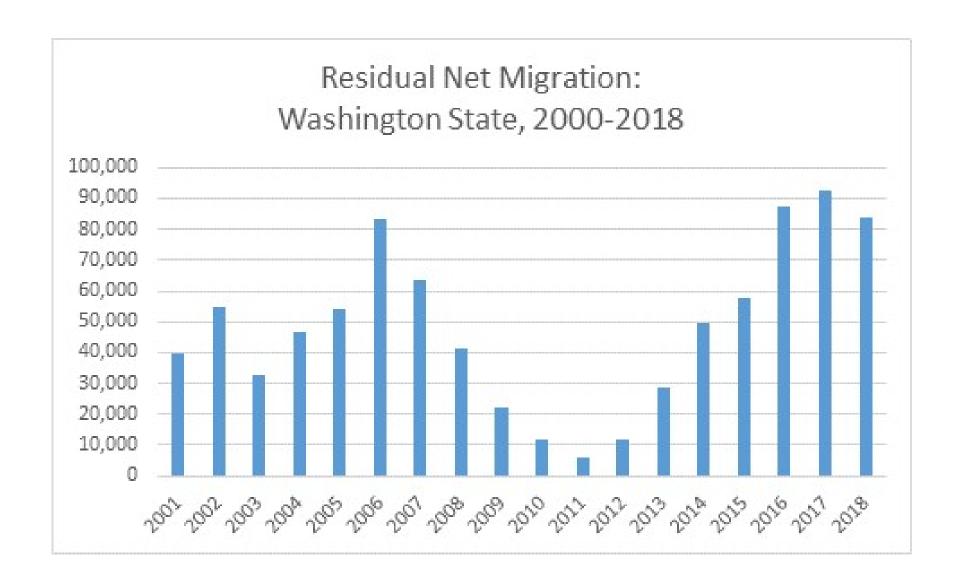
- > -100 Professional and business services
- > -600 Wholesale trade

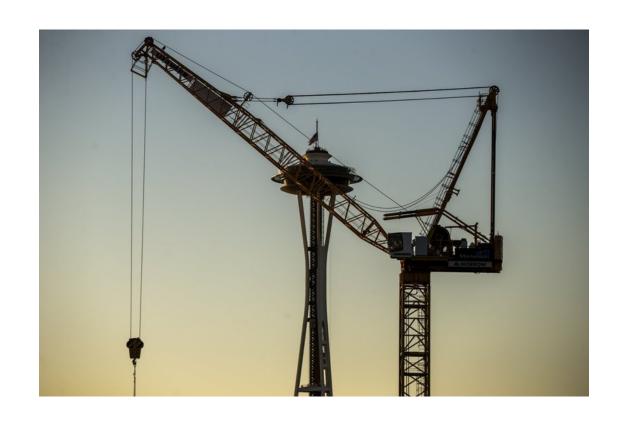




Real estate still soaring

- Statewide median home price- \$379,500
- Median price
 - Bellevue \$917,000
 - Seattle \$725,700 (down 0.6%)
 - Snohomish County \$464,300
 - Clark County \$350,000
 - Pierce County \$343,500
 - Kennewick \$288,800
 - Spokane \$203,900



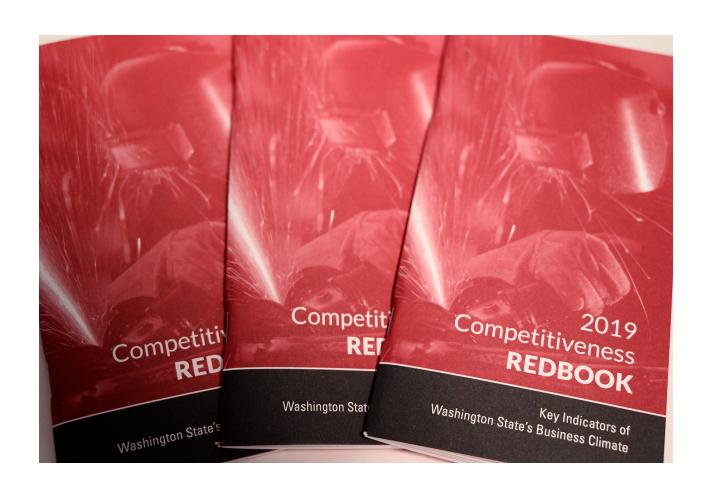


Washington economy

- Seattle still has most construction cranes
 - > 59 vs. 65 six months ago
 - > 15 more than L.A., next highest city
- 1 in 10 Seattle apartments empty, rents dropping
- Seattle drops from No. 2 to No. 93 on Zillow's list of markets with fastest appreciating prices
- That's not necessarily a bad thing.
- "Housing is better when it's boring."
 - Skylar Olsen, Zillow

= 2019 Redbook

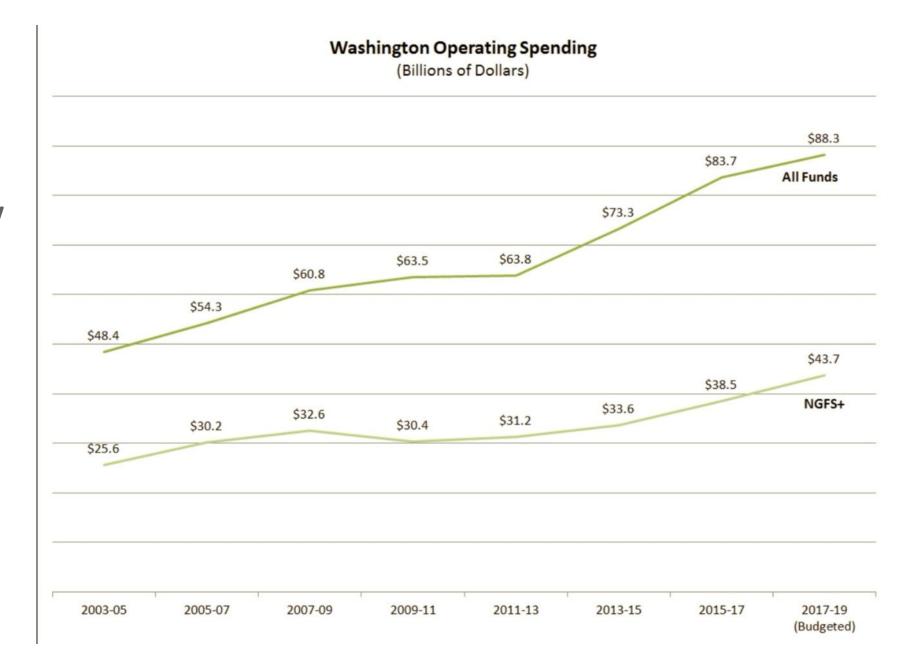
- New data shows strong employment growth in Washington with more than 100,000 new jobs 2017-2018
- Exports decreased
- Drop in educational attainment
- High employer costs





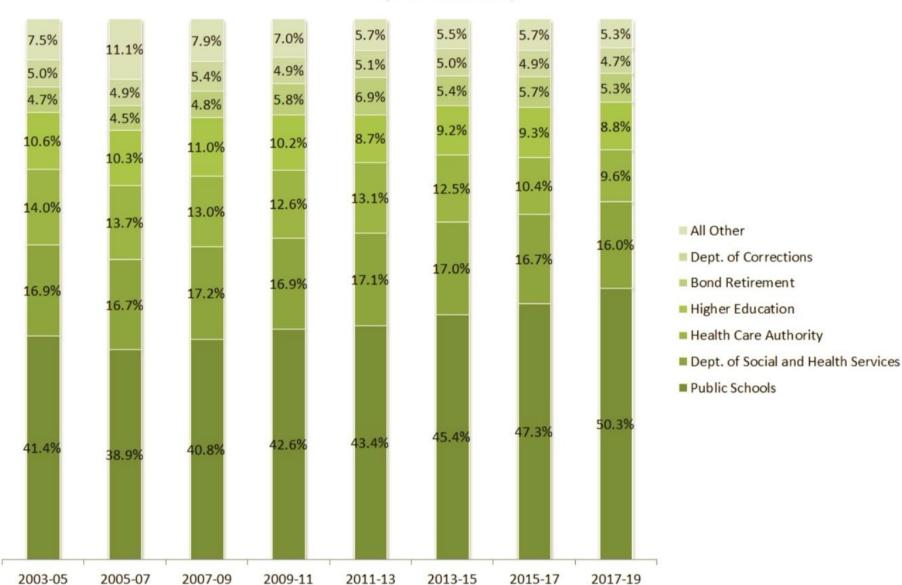
Washington State Critical Issues

- Capital gains tax
- B&O tax
- Independent contractors
- Restrictive scheduling



NGFS+ Operating Spending

(Percent of Total)



(Budgeted)

2019 Legislative Session

Fast Start

Make-up of Legislature

Senate 2018 (Current):

24 Republicans

25 Democrats

Senate 2019 (Future):

21 Republicans

28 Democrats

One seat still undecided

House 2018 (Current):

50 Democrats

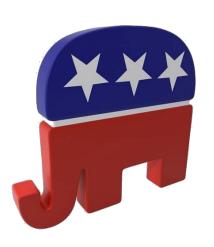
48 Republicans

House 2019 (Future):

57 Democrats

41 Republicans





New Taxes Proposed by the Governor

2019-21 revenue from new taxes

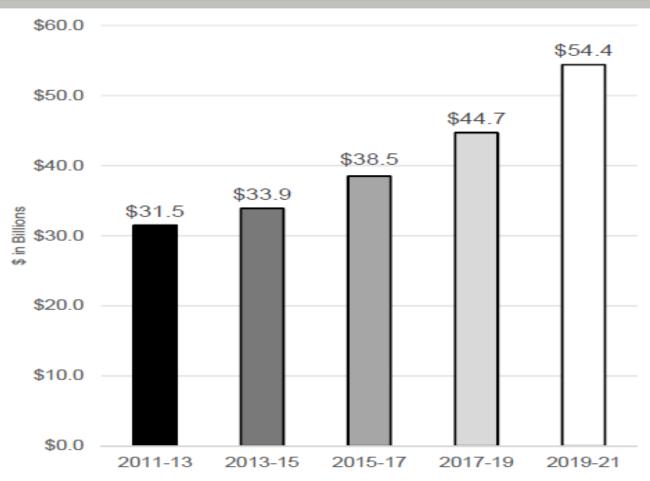
9% Capital Gains – \$1B

67% B&O Tax Increase on Services – \$2B

Real Estate Excise Tax – \$400M to the motor vehicle account for fish passage barrier removal

Wayfair bill -- \$123B

The Near General Fund budget increased by \$13 billion over the past 8 years. The Governor's proposal would add roughly \$10 billion in spending in the 2019-21 Biennium.



The Near General Fund budget has increased by \$13 billion over the past 8 years – a roughly 40% change.

The Governor's budget proposal would add about \$10 billion in Near General Fund spending in the 2019-21 Biennium.

Notes:

- 2011-13 thru 2017-19 = enacted budgets
- 2019-21 = Governor's Book 2 proposal
- Near General Fund (Outlook)

Senate Bill 5698

Refineries, when contracting for the performance of construction, alteration, demolition, installation, repair, or maintenance work, shall require that its contractors and any subcontractors use a skilled and trained workforce to perform all onsite work within an apprenticeable occupation in the building and construction trades.

The bill:

- (1) Requires that workers employed by outside contractors at these facilities be paid at least at a rate equivalent to the prevailing journeyperson wage for the occupation or be registered in an approved apprenticeship program; and
- (2) Requires that at least sixty percent of the journeypersons working for a contractor be graduates of an apprenticeship program approved by the Washington state apprenticeship and training council by Jan 1, 2022, with intermediate targets of thirty percent required by 2020 and forty-five percent by 2021.

2019 Energy and Environmental Legislation

Key Legislation

- 1. 100% Clean Energy
- 2. Building Energy Efficiency
- 3. Toxics bans
- 4. Plastics bans
- 5. Orca Bills





Apprenticeship

- Part of the solution for workforce development
- Several models
- Traveled to Switzerland this month for a 4-day study mission
- Part of a 45-person delegation led by Gov. Jay Inslee

Thank you

