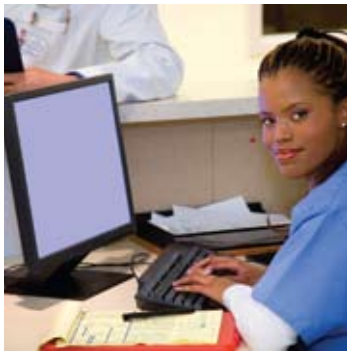


JOBS, LABOR & ECONOMIC DEVELOPMENT



The backbone of Washington’s economy is its working individuals and families. Governor Gregoire is committed to promoting practices and programs that protect workers, boost job opportunities and encourage innovation.

Last year, the Governor and state leaders introduced an economic development strategy known as The Next Washington. This 10-year business plan for the state calls for growing the economy by investing in the skills employees need to succeed today; building a foundation for success by investing in infrastructure across the state; and developing an “Open for Business” approach to government to make Washington an affordable and efficient place to do business. This strategy calls for making a series of targeted investments in areas where the state can lead the world, including fields such as global health, alternative energy and tourism, as well as our ports.

In the 2007–09 budget, the state increased its investment in tourism by boosting funds and partnering with the private sector to promote tourism. The state took steps to help small businesses prosper by investing in the federal network of small business development centers and supporting local economic development councils for the first time in 16 years. The state also saved business owners and workers more than \$315 million through a six-month holiday from workers compensation insurance. Lower unemployment insurance premiums will save small businesses another \$10 million annually.

Governor Gregoire called a special session in November 2007 to enact property tax limits overwhelmingly approved by voters but overturned by the state Supreme Court. In that session, the Governor also proposed and the Legislature passed legislation to allow property tax deferrals that will help prevent working families from being priced out of their homes by rising property taxes.

The Governor’s actions have resulted in a steady increase in the number of employed Washingtonians. Unemployment is at historic lows and personal income growth is among the best in the nation. Her supplemental budget adds several protections our employees need to stay safe.

Governor Gregoire's Budget for Economic Development:

Trains more nurses. An innovative partnership among hospitals, workers and the community colleges to address the state's nursing shortage has shown great promise. The program, which allows incumbent health care workers to enhance their skills on the job, will be expanded statewide. This will enable hospitals throughout the state to hire qualified nurses, and it will help thousands of workers advance in their careers. *(\$3.0 million, GF-State)*

Protects vulnerable workers. The Department of Labor and Industries (L&I) ensures that workers receive the pay and benefits they have earned. When an employer unlawfully refuses to compensate a worker for overtime or pay final wages, L&I steps in. Funding will allow L&I to hire additional investigators to ensure that workers receive the wages to which they are entitled and that all employers abide by our state's wage and hour laws. *(\$449,000 Accident Account, \$79,000 Medical Aid Account)*

Provides a safe working environment. The state as an employer takes the safety of workers in our facilities very seriously. Funding will be used for the installation of safety equipment and seismic mediation improvements in the Washington State Liquor Control Board's distribution center to lessen the likelihood of injuries. *(\$3.7 million Liquor Control Board Construction and Maintenance Account-State)*

Adds electrical inspectors. The Department of Labor and Industries will hire additional electrical inspectors and electrical plan reviewers to meet the growing demand for inspections in the construction industry. By hiring additional inspectors, the department will continue to protect public safety as well as help builders by avoiding costly permitting delays. *(\$544,000 Electrical License Account)*

Provides tax incentives for businesses to expand. Tax incentives will be proposed to promote server farm development for rural Washington counties. *(no fiscal impact this biennium)*

ITEMS PASSED DURING THE NOVEMBER 2007 SPECIAL SESSION

Reinstates the 1 percent property tax limit factor adopted by the voters under Initiative 747. In November 2007, the state Supreme Court affirmed a lower court's ruling that I-747 violated the state constitution. The initiative limited property tax increases to a maximum 1 percent.

House Bill 2416, requested by Governor Gregoire and passed in the special session of the Legislature, re-enacted the 1 percent growth limit that had been adopted by voters under I-747. The provisions of the act are retroactive to 2002, which eliminates additional levying capacity that resulted from the Supreme Court's November 2007 decision.

Creates a property tax deferral program of 50 percent for households with annual income of \$57,000 or less. At the request of Governor Gregoire, the Legislature also passed a bill to provide a property tax deferral for eligible households. A homeowner can choose to defer the second half of the homeowner's real property taxes or special assessments beginning in 2008 if certain conditions are met. The deferred property taxes must be paid with interest upon the sale of the property; upon the death of the claimant, except a surviving spouse who is qualified may elect to incur the tax lien; or at the time the claimant ceases to reside permanently in the residence. The interest rate for the deferred taxes is calculated as the average federal short-term rate from the previous year plus 2 percentage points.