



Future Business Climate

Washington Potato Commission

Kris Johnson | December 12, 2023

AWB Mission & Vision

- **Mission**: AWB is the catalytic leader and unifying voice for economic prosperity throughout Washington state.
- **Vision**: 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.



State of the Economy

Washington

Consumer spending drives another \$200M in expected state revenue growth

BY: JERRY CORNFIELD - NOVEMBER 20, 2023 5:52 PM



The Washington state Capitol in October 2023 (Jerry Cornfield/Washington State Standard)



State Economy

- Consumer spending remains strong
- Housing market is cooling as interest rates rise
- Unemployment extremely low at 3.8%
- Employment growth is slowing

Estimated one-month employment change by industry, seasonally adjusted
Washington state, September 2023 to October 2023
Source: Employment Security Department/DATA; U.S. Bureau of Labor Statistics, Current
Employment Statistics

Total nonfarm	7,900
Education and Health Services	3,700
Government	3,100
Retail Trade	2,500
Manufacturing	1,100
Other Services	900
Professional and Business Services	400
Transportation, Warehousing and Utilities	400
Mining and logging	0
Leisure and hospitality	0
Wholesale Trade	-300
Construction	-500
Information	-1,600
Financial Activities	-1,800



Employment Growth - Monthly

- 7 industries increased
- 4 industries declined
- Private sector grew 4,800 jobs
- Government employment up 3,100
- Finance and insurance see biggest losses
- Publishing and software publishers also declined

Estimated employment change by industry over the year, not seasonally adjusted
Washington state, October 2022 through October 2023
Source: Employment Security Department/DATA; U.S. Bureau of Labor Statistics, Current
Employment Statistics

Total nonfarm	59,100
Government	22,900
Education and health services	19,000
Leisure and hospitality	11,600
Manufacturing	5,700
Wholesale trade	4,500
Transportation, warehousing and utilities	2,700
Other services	1,600
Professional and business services	400
Retail trade	200
Mining and logging	0
Financial activities	-400
Construction	-4,100
Information	-5,000



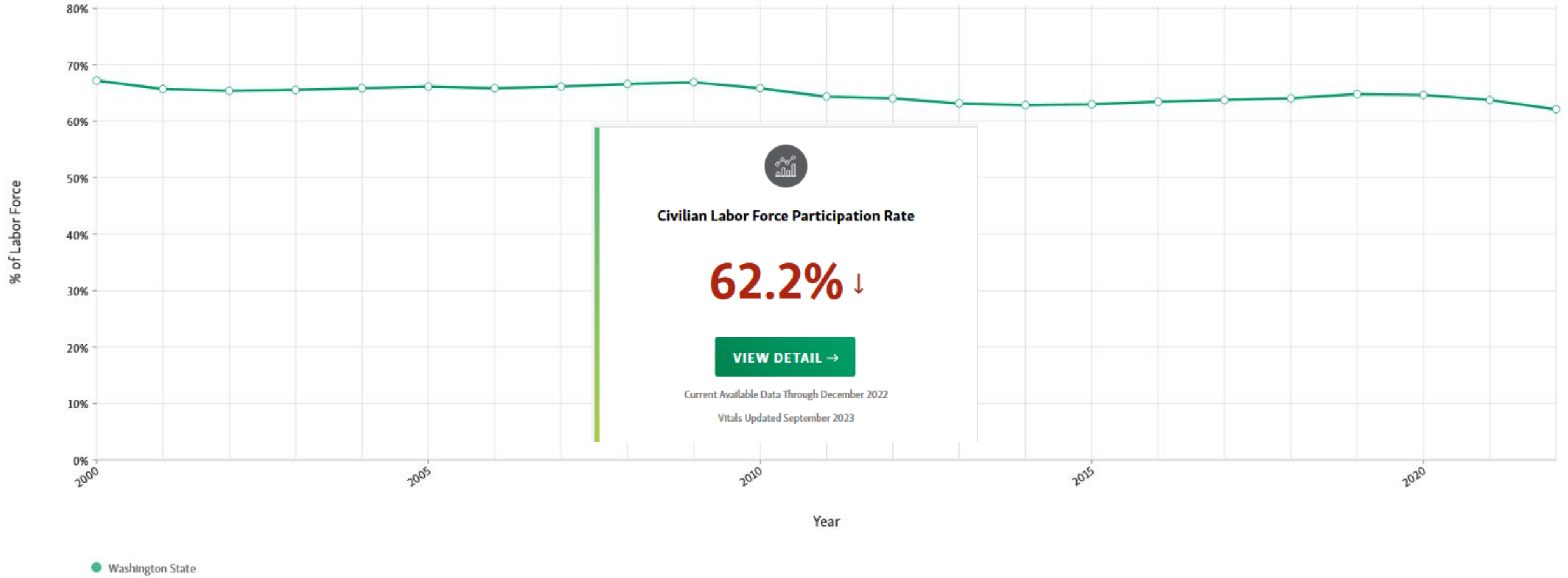
Employment Growth - Annual

- 9 industries expanded
- 3 industries decreased
- Education and health services saw biggest gains
- Manufacturing added 5,700 jobs
- Biggest decreases in construction, information sector & software publishing

Participation Rate Washington State

COMPARE TO REGION: ⓘ

Select a Region ▼



Housing Affordability Index Washington State

COMPARE TO REGION: ⓘ

Select a Region ▼



Median Home Resale Price Washington State

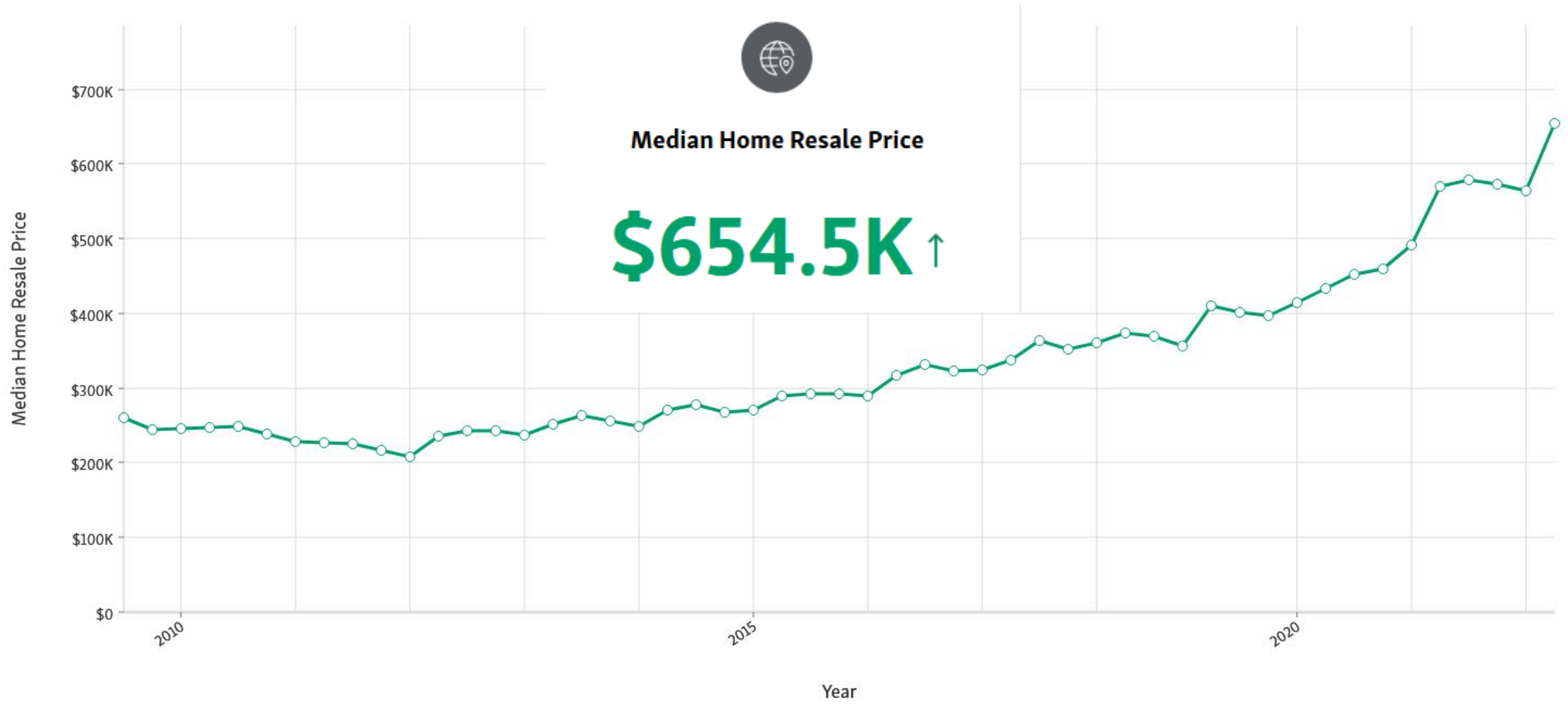
COMPARE TO REGION: !

Select a Region ▼



Median Home Resale Price

\$654.5K ↑



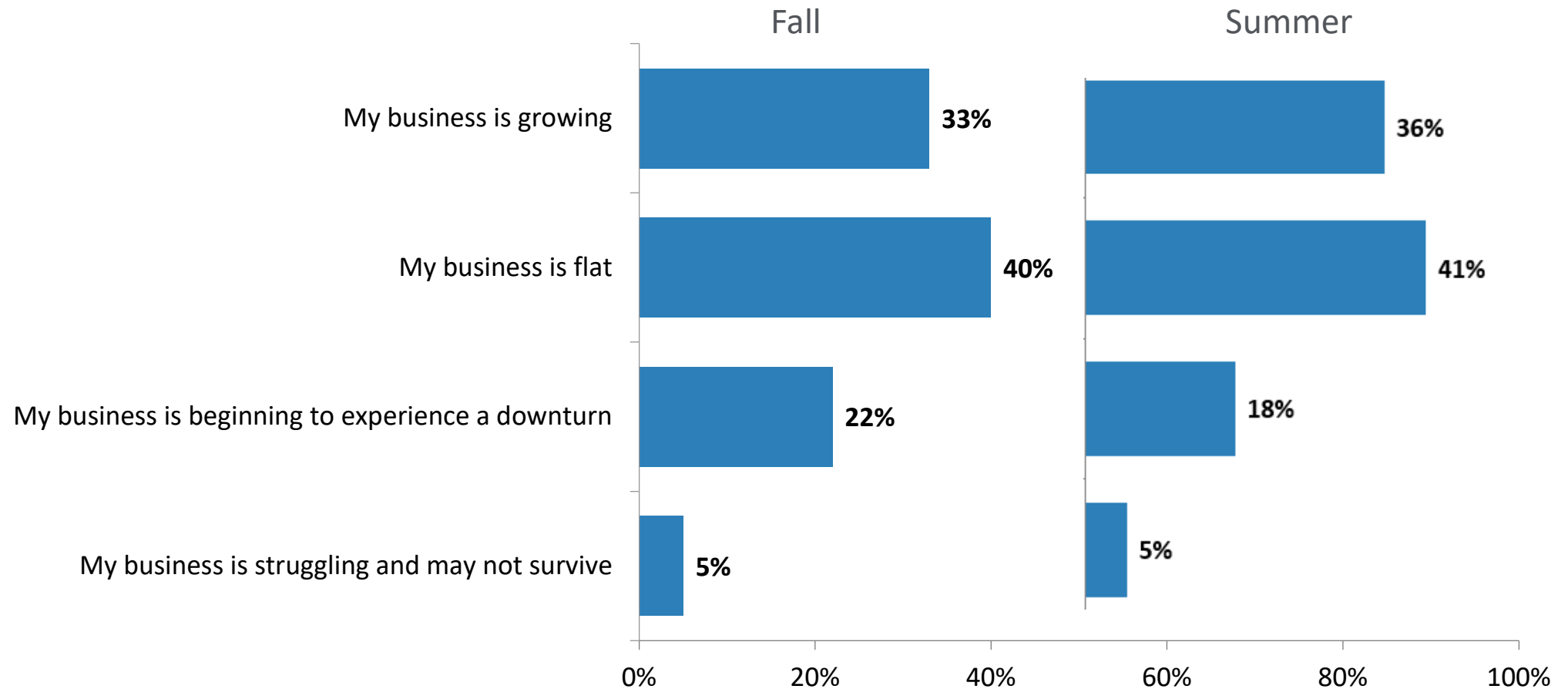
● Washington State



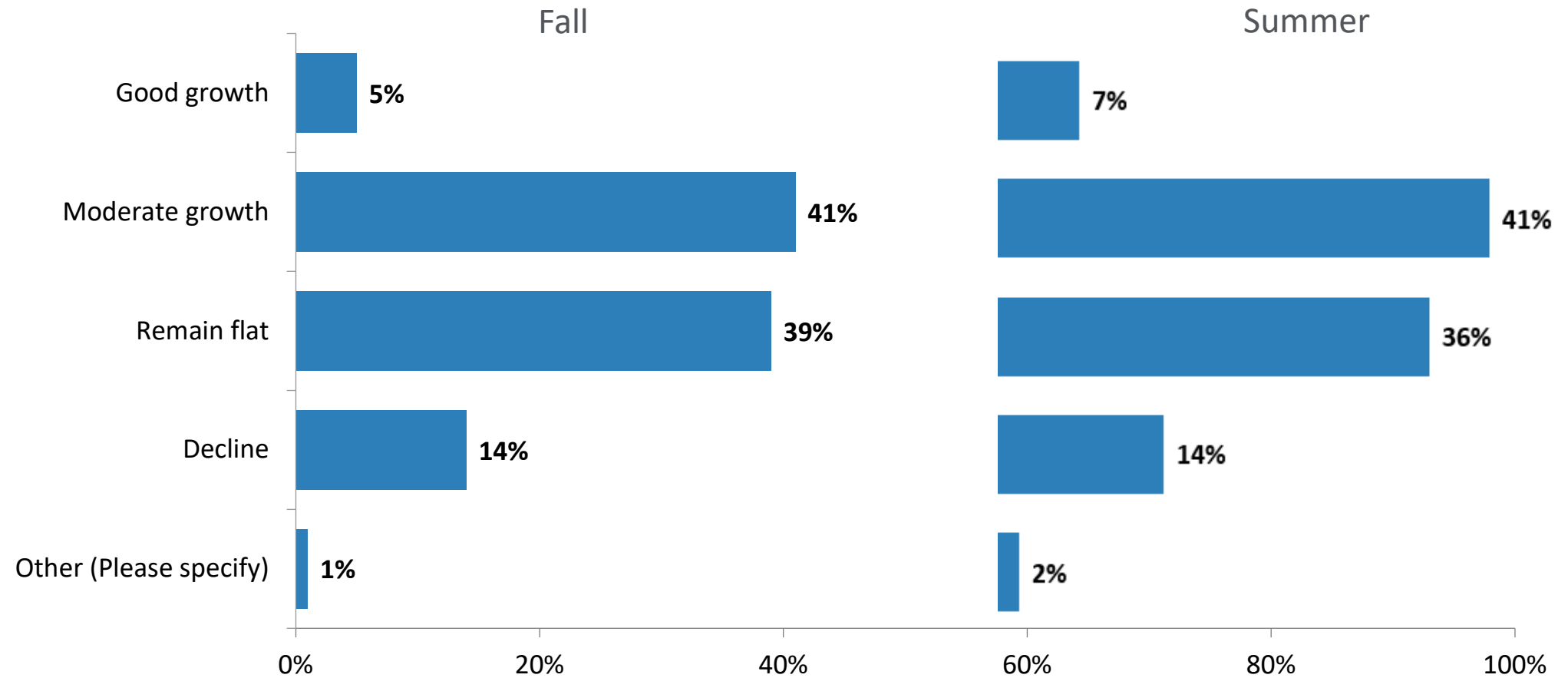
Employer Sentiment

Fall 2023 Survey Results

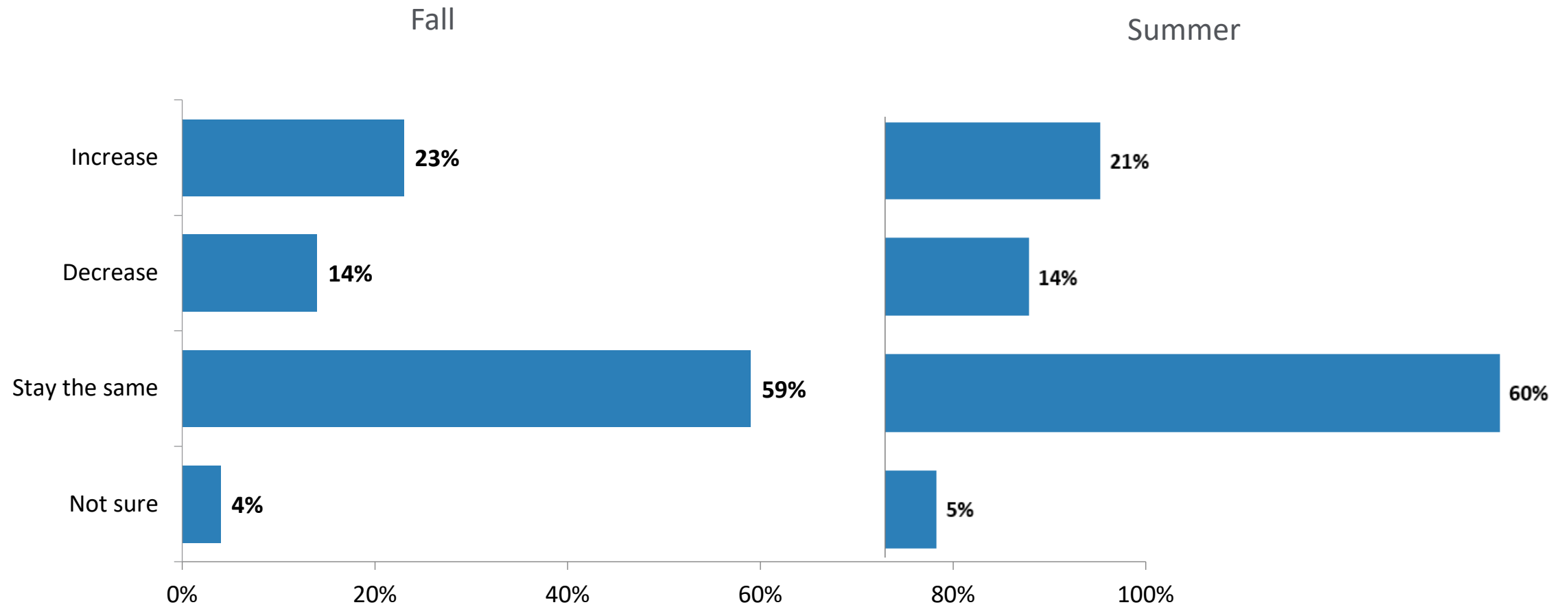
How healthy would you say your business is at this moment?



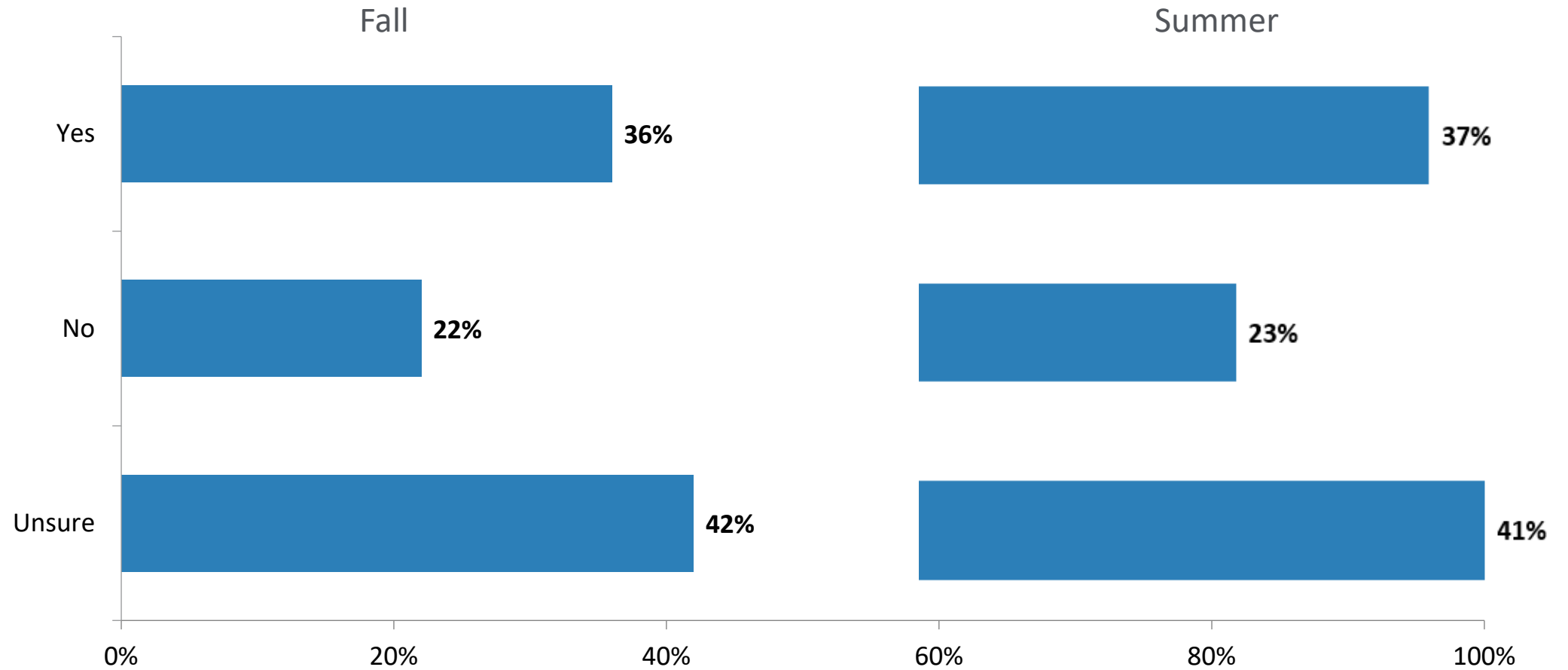
In the next 6 months, will your business experience ...



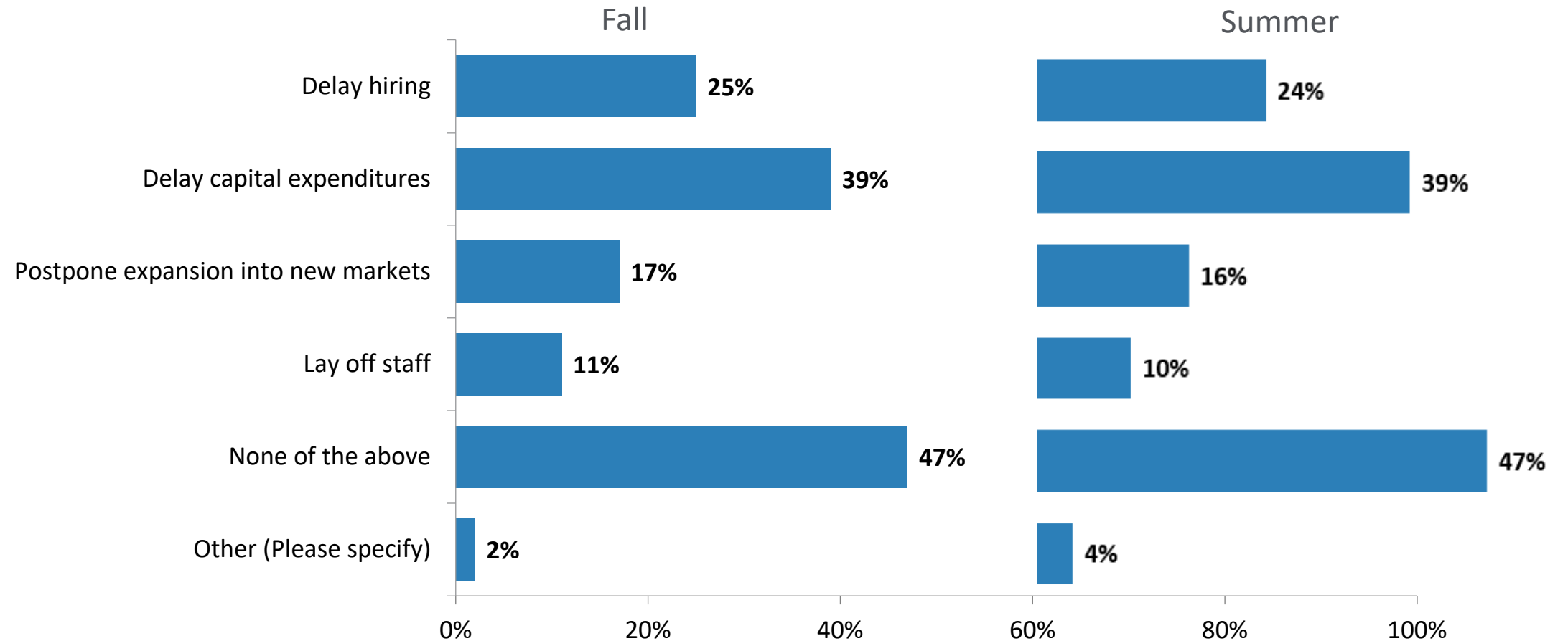
In the next 6 months, do you anticipate the number of employees at your company will:



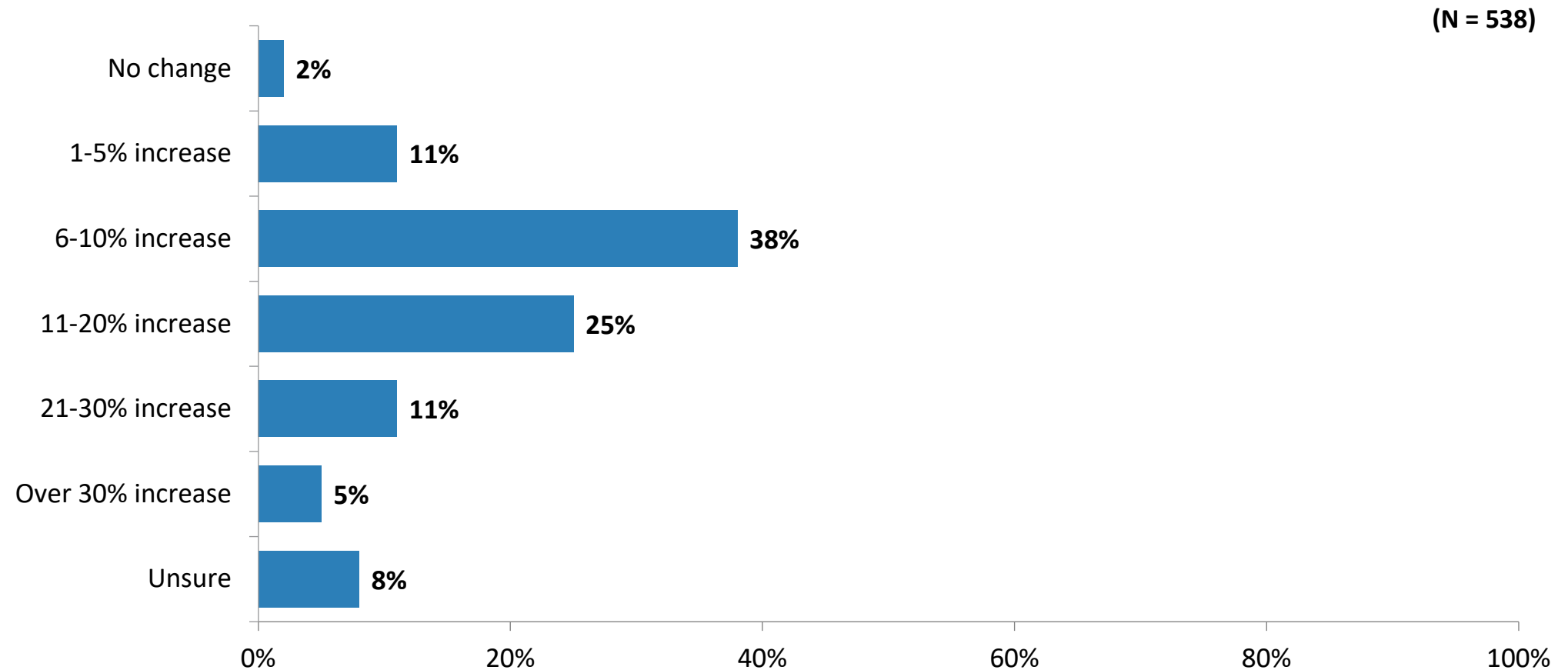
Do you expect the Washington economy to enter a recession in the next year?



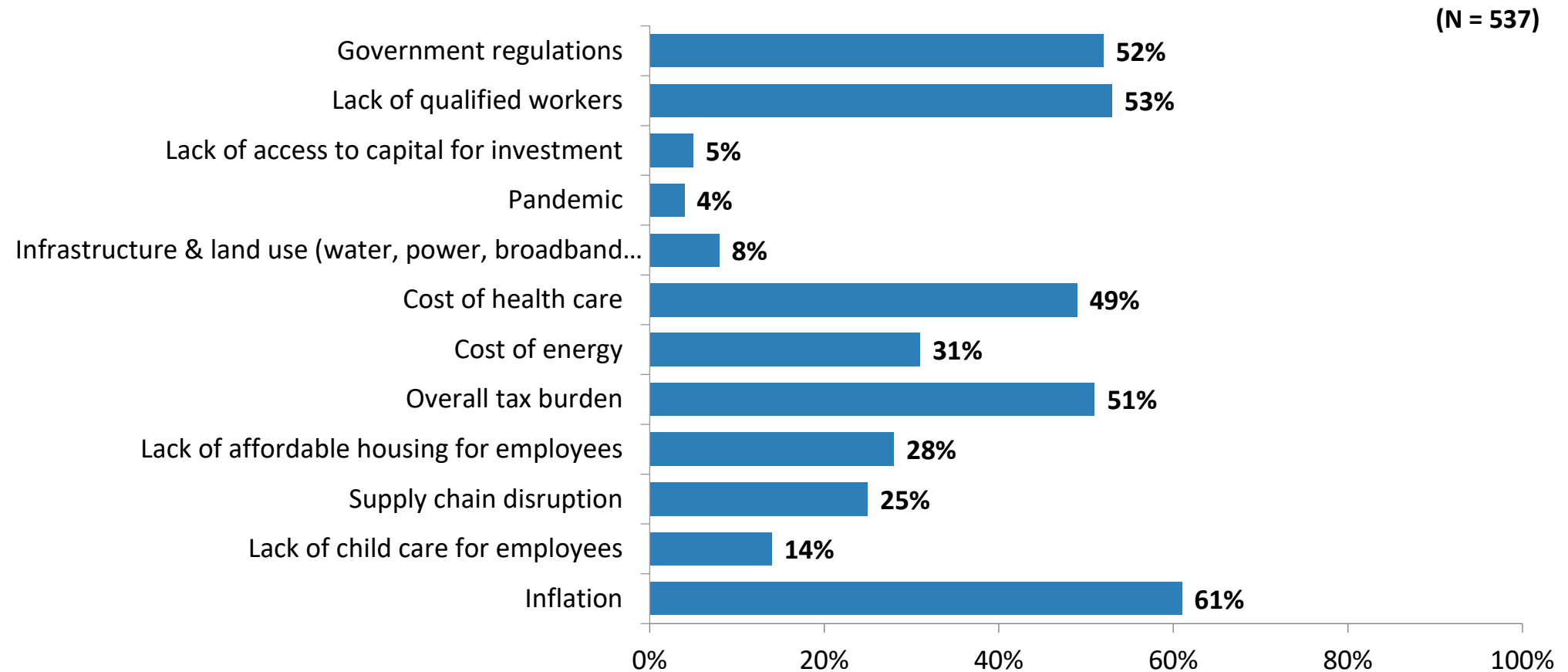
Has concern about the possibility of a recession caused you to do any of following?



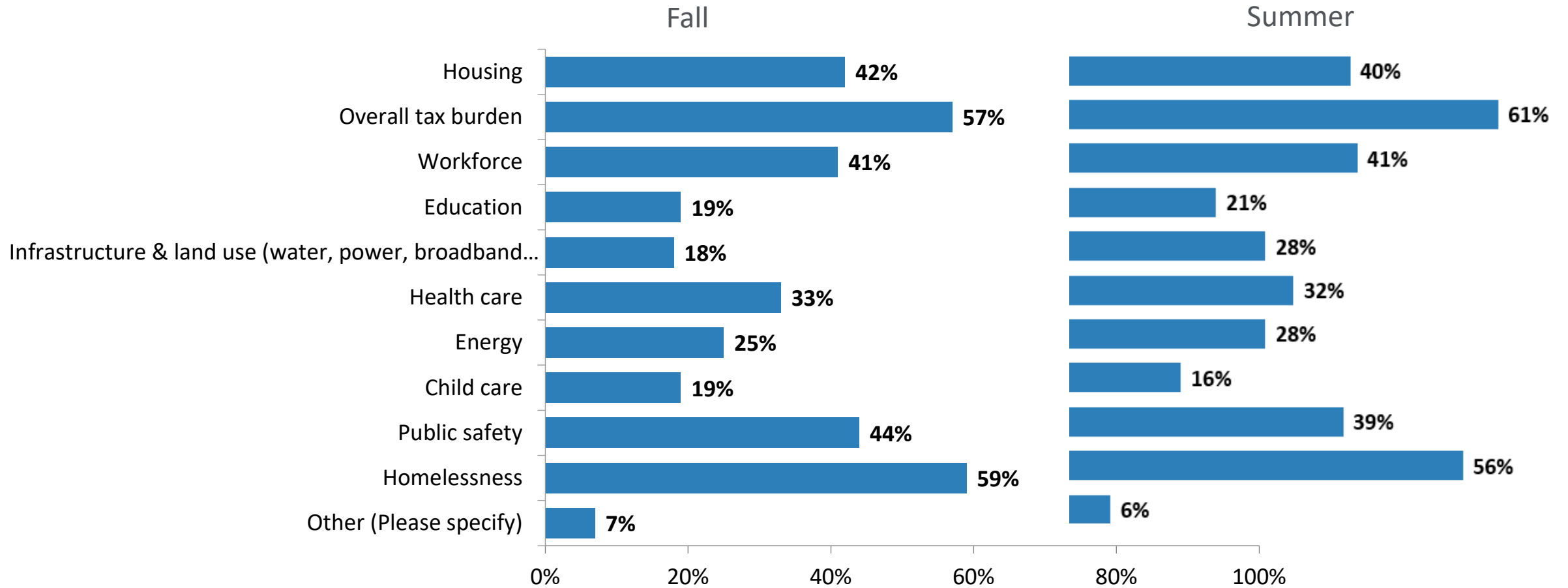
How much has inflation increased your cost to do business in the last year?



In your opinion, what are the most important challenges facing your business today?



In your opinion, what are the most important public policy issues facing Washington state?





Business Outlook

Washington

Goods Deflation Is Back. It Could Speed Inflation's Return to 2%.

Prices of durables have been falling for five straight months

By [David Harrison](#) [Follow](#)

Dec. 3, 2023 7:00 am ET

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Used cars count among the durable items that can benefit from goods deflation. PHOTO: JUSTIN SULLIVAN/GETTY IMAGES



Reasons for Optimism

- Inflation is slowing
- Washington faring better than other states, recovering jobs faster
- Rural areas recovered more quickly than Seattle
- Unemployment edged up, but it could be a good thing – more people entering or reentering the workforce



Reasons for Optimism

- State budget collections are strong
- 2023-25 ending balance has grown from \$23 million to \$1.2 billion
- No deficit on the horizon
- Less justification for raising taxes
- More talk of a “soft landing” instead of a recession



Challenges & Hurdles

US and Washington

Major Challenge & Hurdles

- Tax and Regulatory Environment
- Workforce
- Inflation – cooling but costs still high
- Energy
- Housing
- Infrastructure
- Child care

Readers sound off on Washington's high gas prices

The state's cap-and-trade system is met with skepticism and grudging acceptance as companies pass the program's cost to consumer pocketbooks.

by Venice Buhain / September 5, 2023 / Updated: Sept. 7, 2023



Gas Prices Spike

- Washington briefly passed CA for highest price in nation
- Governor, legislators attempt to deflect blame from CCA to employers
- Our message:
 - Higher prices should come as no surprise
 - Let's fix the program – including the ag exemption



By
telle
selden,
associated
press

By
rebecca
loone,
associated
press

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feedback

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Leaked document says U.S. is willing to build energy projects in case Snake River dams are breached

Washington makes another run at heat pump rules

Legal challenges could be on the horizon as critics say the new regulations, like a set scrapped in May, still don't comply with federal law.

BY: JERRY CORNFIELD - NOVEMBER 28, 2023 5:48 PM



Energy Outlook

- Retain existing energy resources that have given WA a competitive advantage for decades
 - Clean, renewable hydro
 - Natural gas
 - Nuclear
- Simultaneously build, innovate and invent our energy future



2024 Legislative Session

Employer Issues

Champions for the Economy

- Climate Commitment Act
 - Need meaningful fix
- Tax & Regulatory
 - R&D tax credit
 - Child care tax credit
 - Workforce training tax credit
- Workforce
 - More reciprocity bills
- Employment Law
 - AI – need reasonable solutions
 - Unemployment – voluntary quits





AWB Initiatives

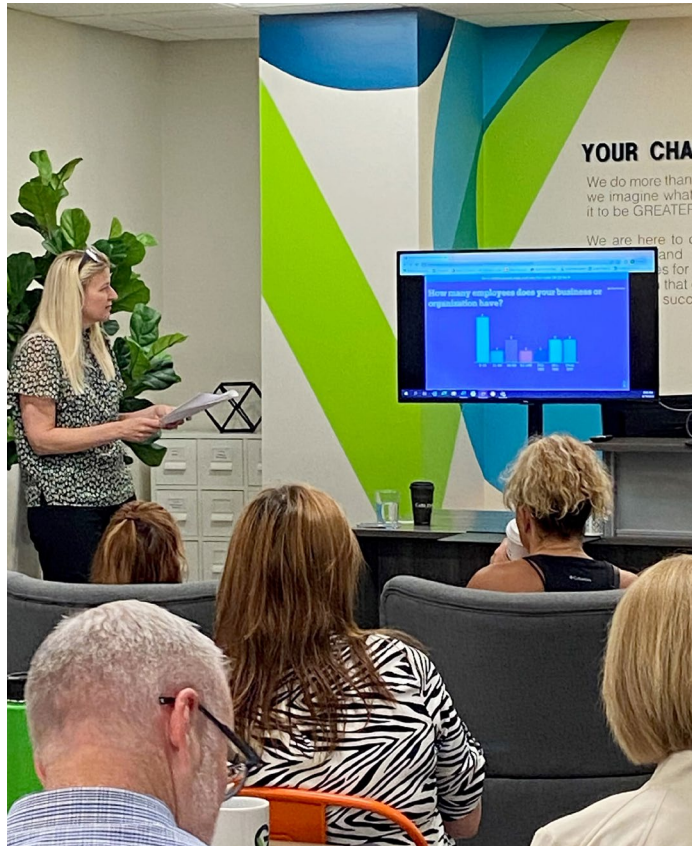


Trade Missions

- Trade policy is critical for WA economy
- AWB Trade Missions
 - Japan
 - U.K.
 - USMCA
- Washington's role in agriculture is about feeding the world



Washington the Making™ 2040



Developing a Shared Vision for the Economy

- Partnership with Washington Roundtable
- Statewide listening tour
- Unprecedented public survey
- Sustainable vision that endures over years, administrations

Benton County FutureCast

2022 Population
207,695

2030 Projected Population
228,162

Low-High Range
184,639 - 256,174

2021 Annual Average
Employment
90,851

2030 Projected Total
Employment
118,153

Average Annual Total Job Openings 2025 - 2030
15,969

Cumulative Job Openings 2025 - 2030
79,843

Franklin County FutureCast

2022 Population
105,422

2030 Projected Population
127,443

Low-High Range
103,082 - 165,616

2021 Annual Average
Employment
34,480

2030 Projected Total
Employment
44,842

Average Annual Total Job Openings 2025 - 2030
6,060

Cumulative Job Openings 2025 - 2030
30,302

Grant County FutureCast

2022 Population
106,160

2030 Projected Population
118,645

Low-High Range
104,184 - 134,369

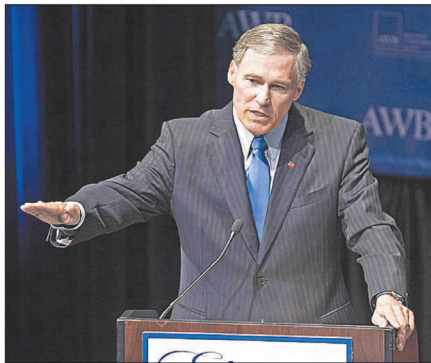
2021 Annual Average
Employment
39,869

2030 Projected Total
Employment
52,505

Average Annual Total Job Openings 2025 - 2030
7,413

Cumulative Job Openings 2025 - 2030
37,063

Inslee, McKenna square off at Bing



COLIN MULVANY colinm@spokesman.com

"We do have to realize that we don't have a printing press. My opponent has made promises that we just cannot keep."

Democrat Jay Inslee
Former U.S. representative

"The congressman has never met a regulation he doesn't like or that couldn't be stricter."

Republican Rob McKenna
Washington attorney general

Governor hopefuls spar on education funding, regulations

By Jonathan Brunt
jonathanb@spokesman.com, (509) 459-5442

The two leading candidates for Washington governor debated for the first time on Tuesday and agreed that new taxes aren't needed to improve schools.

But they disagreed on most other points, including education, in the hourlong debate at the Bing Crosby Theater in Spokane.

Former Democratic U.S. Rep. Jay Inslee declined to promise that he would add a billion dollars in the next two-year budget to improve basic education in a way demanded by the state Supreme Court in a ruling earlier this year. His opponent, Republican Rob McKenna, did, noting that \$1 billion is just 3 percent of the state budget.

Web extras

@ Election center: Get the latest information from local, regional and national races; read bios of local candidates; compare presidential candidates' stances on the issues; and chart presidential campaign finances at spokesman.com/elections

But Inslee accused McKenna of "faulty math" for supporting significant budget increases for education, higher education and Medicaid funding while also supporting exemption of more than 100,000 businesses from the state's business and occupation tax.

"We do have to realize that we don't have a printing press," Inslee said. "My opponent has made promises that we just cannot keep."

McKenna responded that he would push for business and occupation tax relief only after schools are "fully funded" and the higher education budget is boosted.

"It's not something we can afford to do right away," McKenna said. "If it's not part of your vision, you'll never attain it."

McKenna said he would find the \$1 billion to improve schools by "squeezing the existing budget," ending some tax loopholes and reserving improved tax collections raised in a better economy to education. Inslee said he'd work toward the goal in a similar way, by focusing on job

See **DEBATE, A14**



'24 Election

- Open seats
 - Governor
 - Attorney General
 - Lands Commissioner
 - Insurance Commissioner
- Long history of AWB debates



National Civics Bee

- Second annual Washington State Finals this June in Olympia
- Regional chamber partners
 - Vancouver
 - Kittitas
 - Walla Walla
 - Tacoma
 - Port Orchard
 - Spokane

Thank you



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