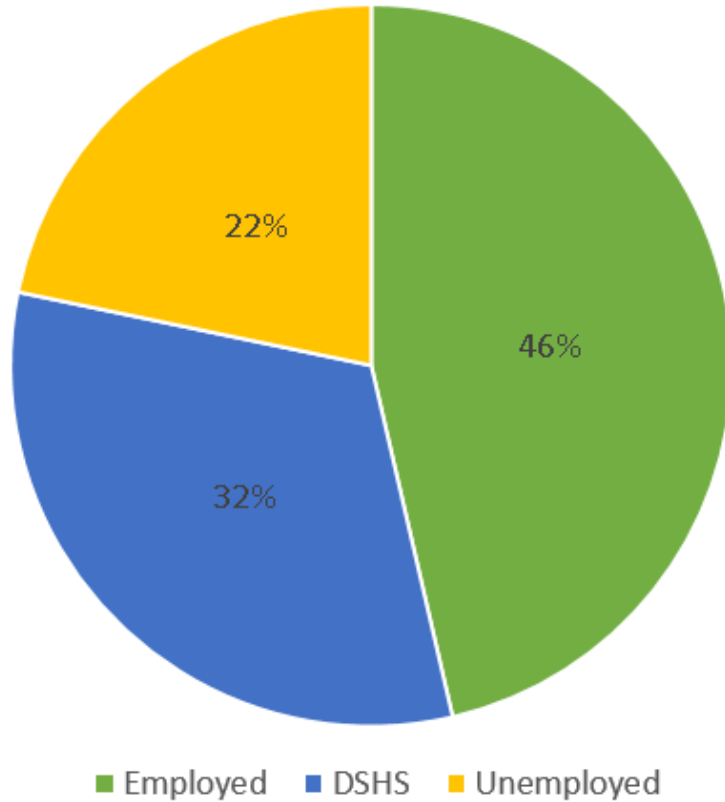


# Washington Economic Development Association

Senator Maralyn Chase  
32<sup>nd</sup> Legislative District

# Employment in Washington State

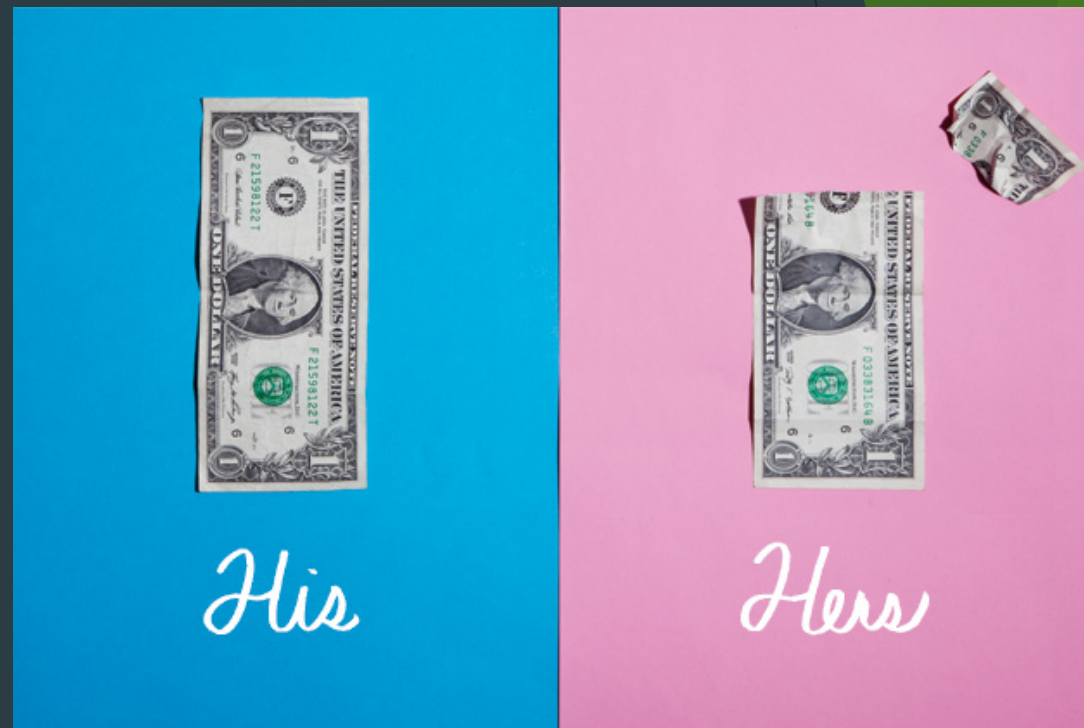
Employment in Washington State



- ▶ 6.9 million people in Washington
- ▶ 3.2 million employed
- ▶ 2.2 million receive DSHS benefits
- ▶ 1.5 million doing something else, e.g. minors, unemployed, underground economy.
- ▶ **Only 47% of Washingtonians work and pay taxes.**

# Equal Pay Opportunity Act

- ▶ Women hold nearly half of all jobs and earn the majority of college degrees, but earns 80¢ to a man's \$1.
- ▶ On average, Washington women working full time bring home \$18,000 less each year.
- ▶ 40% of the wage gap isn't explained by factors such as occupation, qualification, or hours.



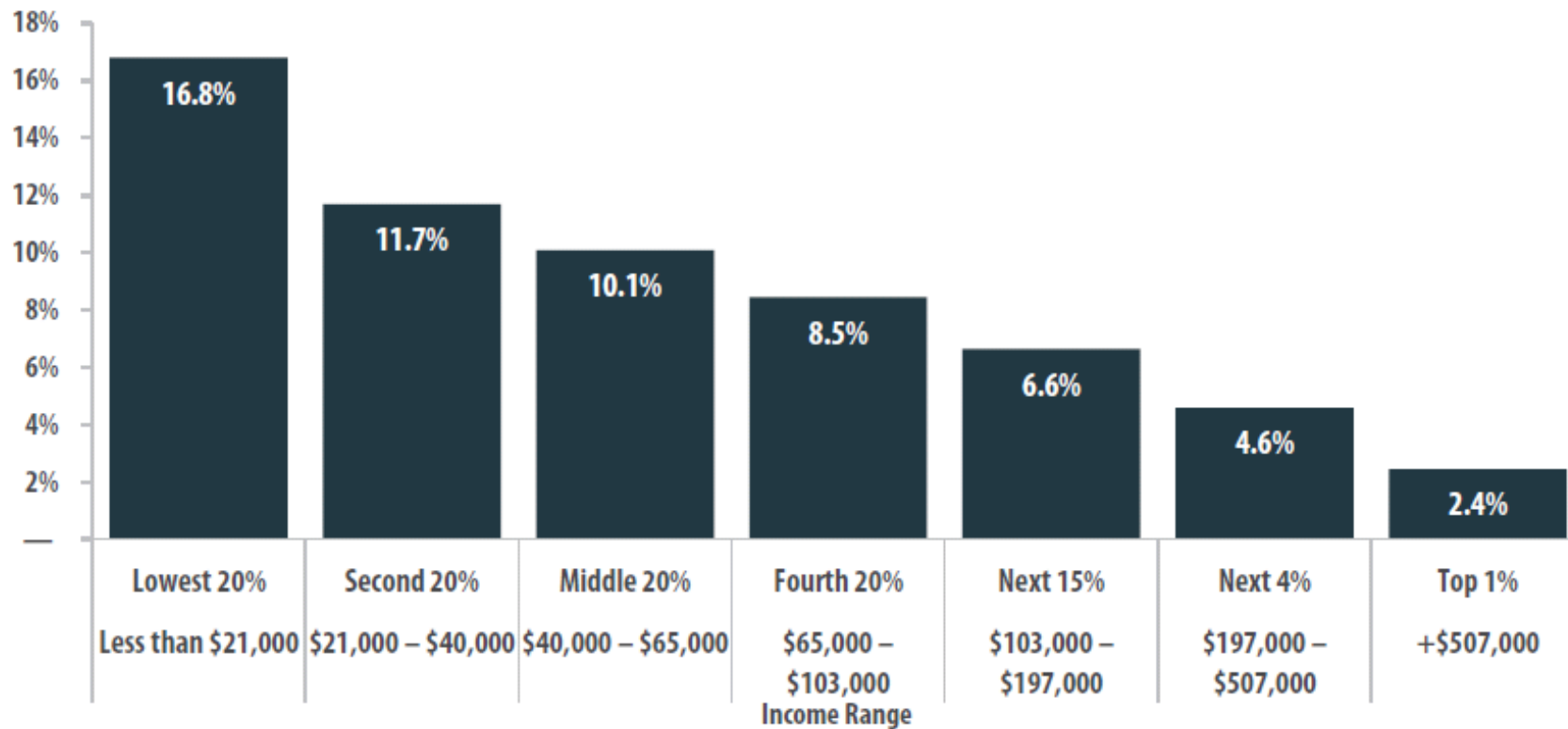
# Equal Pay Opportunity Act

- ▶ Many firms prohibit workers from discussing pay.
- ▶ No one knows if they're being paid less than their co-workers.
- ▶ Employers sometimes track men into more highly paid occupations, and women into lower paying jobs.
- ▶ A **Washington Equal Pay Opportunity Act** will protect all workers from retaliation and provide women effective recourse when differences in pay and job opportunities are not based on bona fide factors like education.

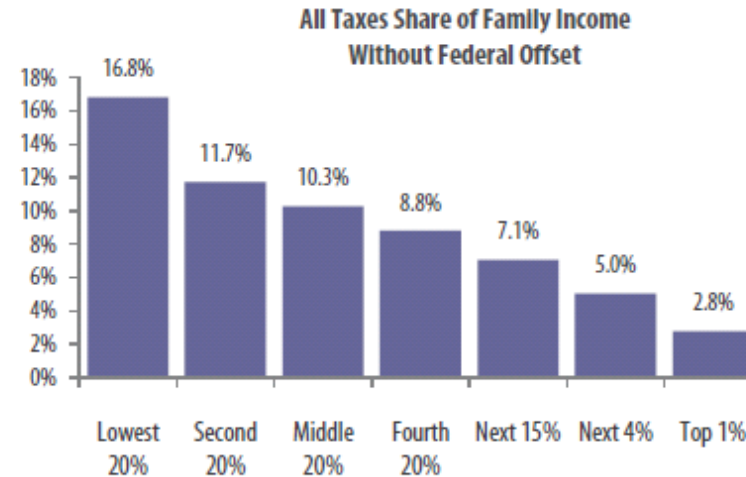
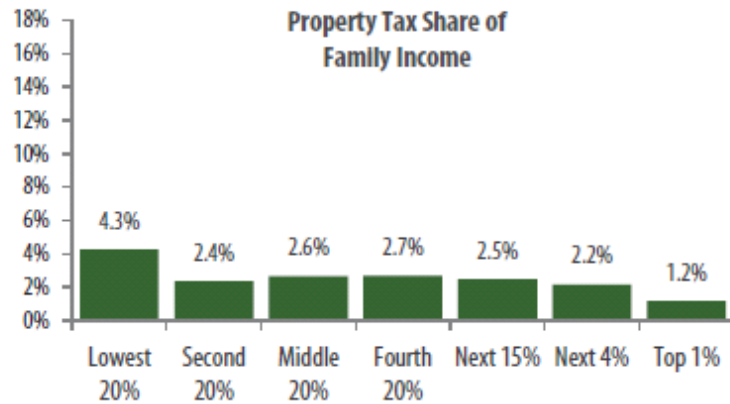
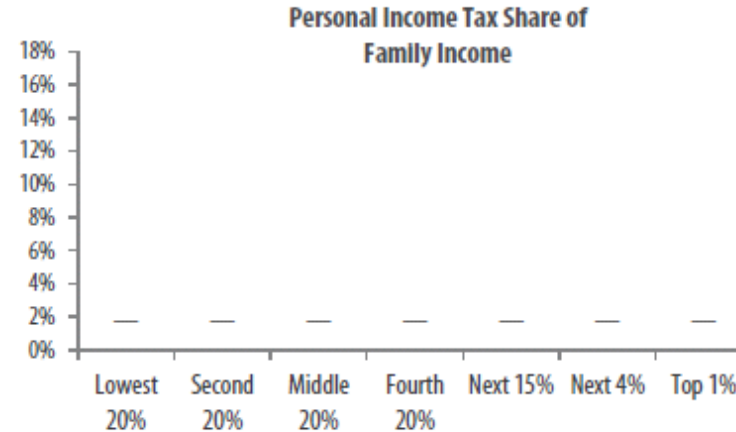
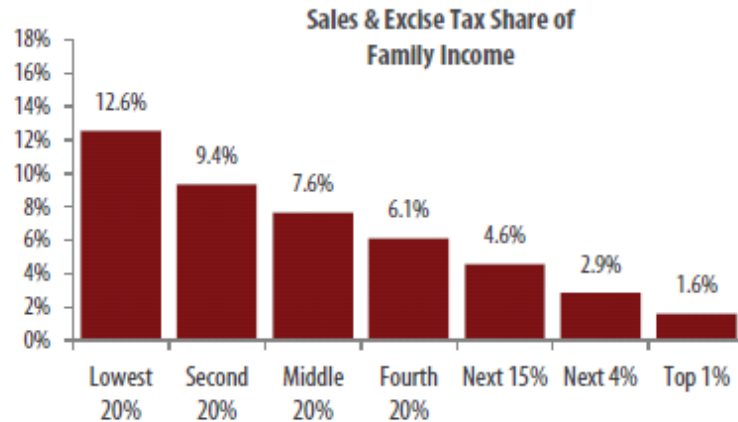
# Washington State & Local Taxes in 2015

#1 of the Terrible 10

Shares of family income for non-elderly taxpayers



# Washington State and Local Taxes 2015



Note: Figures show permanent law in Washington enacted through December 31, 2014 at 2012 income levels. Top figure represents total state and local taxes as a share of income, post- federal offset.

# Washington State & Local Taxes in 2015

#1 of the Terrible 10

Details, Tax Code Features, & Tax Code Changes Enacted in 2013 & 2014

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$21,000	\$21,000 – \$40,000	\$40,000 – \$65,000	\$65,000 – \$103,000	\$103,000 – \$197,000	\$197,000 – \$507,000	\$507,000 or more
Average Income in Group	\$11,900	\$30,300	\$52,800	\$82,200	\$135,300	\$289,100	\$1,517,800
<b>Sales &amp; Excise Taxes</b>	<b>12.6%</b>	<b>9.4%</b>	<b>7.6%</b>	<b>6.1%</b>	<b>4.6%</b>	<b>2.9%</b>	<b>1.6%</b>
General Sales—Individuals	3.8%	3.1%	2.7%	2.2%	1.7%	1.1%	0.6%
Other Sales & Excise—Ind.	3.9%	2.6%	2.0%	1.6%	1.1%	0.7%	0.3%
Sales & Excise on Business	4.8%	3.6%	2.9%	2.3%	1.7%	1.1%	0.7%
<b>Property Taxes</b>	<b>4.3%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>2.5%</b>	<b>2.2%</b>	<b>1.2%</b>
Property Taxes on Families	4.2%	2.3%	2.5%	2.6%	2.4%	1.8%	0.6%
Other Property Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.6%
<b>Income Taxes</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	—	—	—	—	—	—	—
<b>Total Taxes</b>	<b>16.8%</b>	<b>11.7%</b>	<b>10.3%</b>	<b>8.8%</b>	<b>7.1%</b>	<b>5.0%</b>	<b>2.8%</b>
<i>Federal Deduction Offset</i>	<i>–0.0%</i>	<i>–0.0%</i>	<i>–0.2%</i>	<i>–0.3%</i>	<i>–0.4%</i>	<i>–0.4%</i>	<i>–0.3%</i>
<b>OVERALL TOTAL</b>	<b>16.8%</b>	<b>11.7%</b>	<b>10.1%</b>	<b>8.5%</b>	<b>6.6%</b>	<b>4.6%</b>	<b>2.4%</b>

Note: Table shows detailed breakout of data on previous page.



## Washington Tax Code Features

### *Progressive Features*

- Sales tax base excludes groceries

### *Regressive Features*

- No personal income tax
- Imposes a gross receipts tax in lieu of a corporate profits tax
- Enacted a refundable Earned Income Tax Credit, but lawmakers have failed to provide funding for the credit,
- Comparatively high reliance on sales taxes
- Comparatively high combined state and local sales tax rate
- Comparatively high cigarette tax rate
- Fails to provide a property tax “circuit breaker” credit for low-income non-elderly taxpayers

## Tax Changes Enacted in 2013 & 2014

- No significant developments

## ITEP Tax Inequality Index

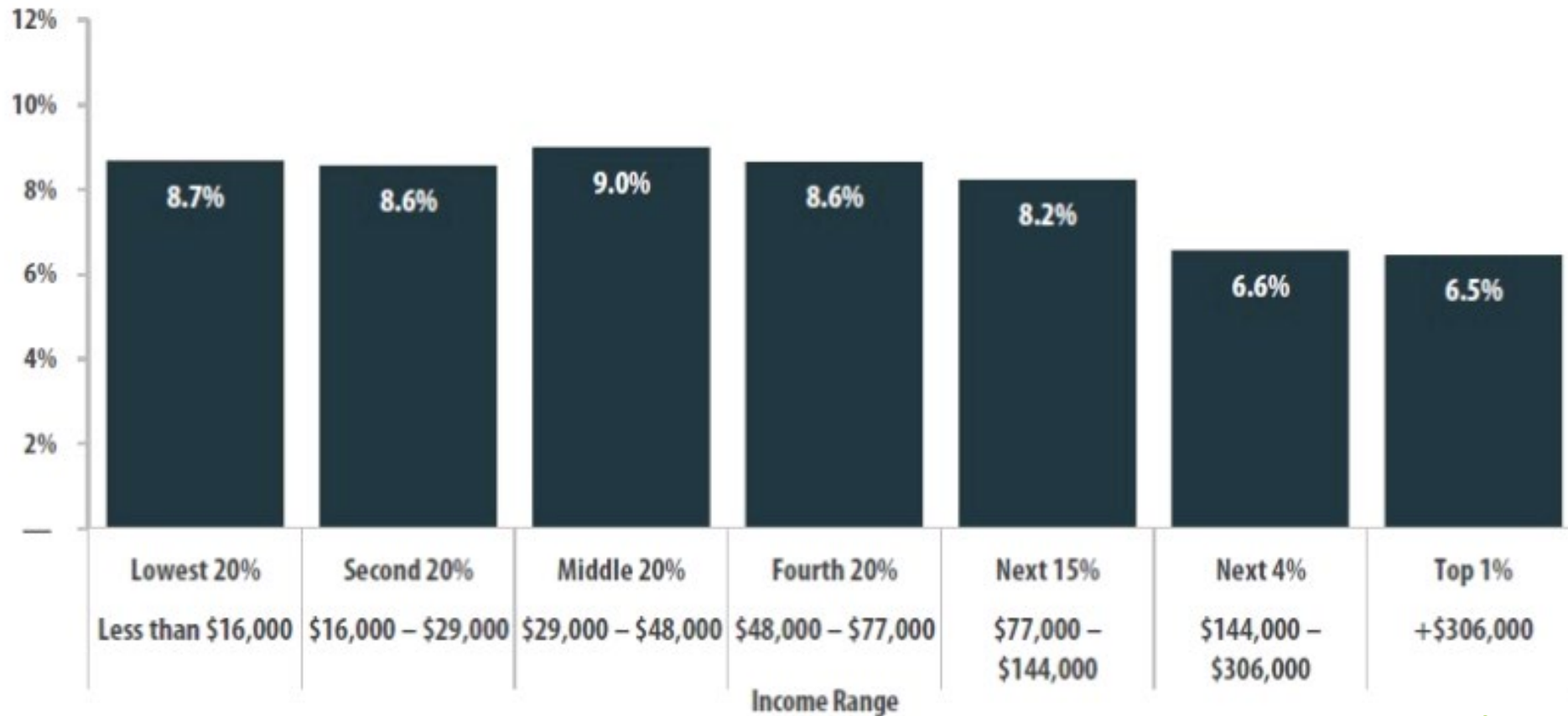
According to ITEP’s Tax Inequality Index, Washington has the **most** unfair state and local tax system in the country. States with regressive tax structures have negative tax inequality indexes, meaning that incomes are less equal in those states after state and local taxes than before (See Appendix B for state-by-state rankings and more details).



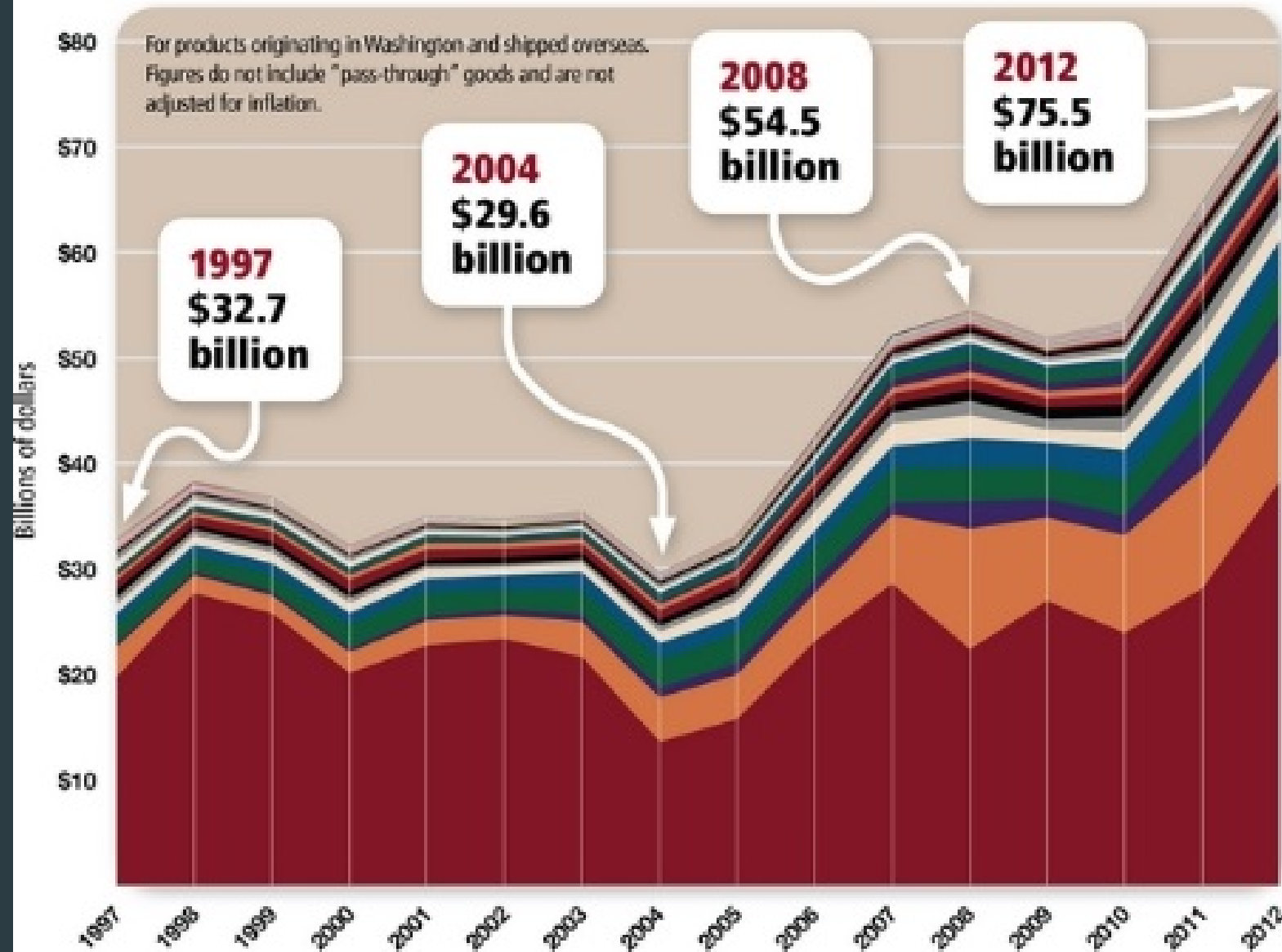
# | West Virginia

## State & Local Taxes in 2015

Shares of family income for non-elderly taxpayers



## WASHINGTON EXPORTS, 1997-2012



## Washington exports by sector

Sector	1997	2012	Change	Share of 2012 total
Transportation equipment	\$19,710,973,013	\$38,246,190,623	94%	50.64%
Agricultural products	\$2,889,660,540	\$12,040,185,787	317%	15.94%
Petroleum and coal products	\$352,889,964	\$3,787,478,330	973%	5.01%
Computer and electronic products	\$1,658,245,363	\$3,735,511,183	125%	4.95%
Food and kindred products	\$1,069,858,233	\$3,295,279,963	208%	4.36%
Machinery, except electrical	\$929,732,846	\$2,347,956,690	153%	3.11%
Primary metal manufacturing	\$671,426,888	\$1,501,274,557	124%	1.99%
Chemicals	\$647,481,711	\$1,286,974,366	99%	1.70%
Paper	\$899,533,645	\$1,243,083,497	38%	1.65%
Fish and other marine products	\$491,302,679	\$1,070,079,110	118%	1.42%
Waste and scrap	\$117,720,330	\$1,060,552,575	801%	1.40%
Miscellaneous manufactured commodities	\$272,951,451	\$908,315,340	233%	1.20%
Electrical equipment, appliances and components	\$237,967,802	\$761,412,390	220%	1.01%
Forestry products	\$817,164,012	\$744,744,399	-9%	0.99%
Wood products	\$640,635,994	\$696,419,998	9%	0.92%
Fabricated metal products	\$212,625,507	\$547,521,963	158%	0.72%
Minerals and ores	\$38,927,989	\$350,987,222	802%	0.46%
Plastics and rubber products	\$135,544,813	\$349,987,705	158%	0.46%
Livestock and livestock products	\$69,571,028	\$340,677,559	390%	0.45%
Nonmetallic mineral products	\$54,339,829	\$258,009,532	375%	0.34%
Furniture and fixtures	\$25,586,421	\$190,261,203	644%	0.25%
Oil and gas	\$61,250,227	\$171,484,474	180%	0.23%
Used or second-hand merchandise	\$25,430,597	\$119,187,767	369%	0.16%
Special classification provisions	\$400,788,861	\$117,841,741	-71%	0.16%
Beverages and tobacco products	\$42,173,729	\$95,784,493	127%	0.13%
Textile mill products	\$24,591,830	\$75,472,099	207%	0.10%
Printing, publishing and similar products	\$76,667,945	\$68,999,922	-10%	0.09%
Textiles and fabrics	\$14,022,138	\$41,991,157	199%	0.06%
Apparel and accessories	\$29,473,775	\$34,766,746	18%	0.05%
Leather and allied products	\$24,630,518	\$26,430,410	7%	0.03%
Goods returned to Canada	\$108,561,271	\$6,131,587	-94%	0.01%
Prepackaged software	\$0	\$3,533,936		0.00%
<b>Total all Industries</b>	<b>\$32,751,730,949</b>	<b>\$75,524,528,324</b>	<b>131%</b>	<b>100.00%</b>

# MEET THE MIGHTY MIDDLE MARKET

# STRONG 2014 MIDDLE MARKET PERFORMANCE

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# U.S. Middle Market Defined

ANNUAL REVENUE

**\$10 MM-\$1 B**



NEARLY

**200,000**

BUSINESSES<sup>†</sup>



**5<sup>TH</sup>**  
**LARGEST**  
GLOBAL  
ECONOMY<sup>‡</sup>

REPRESENTING

**3%**

OF ALL  
U.S. COMPANIES<sup>†</sup>



**1/3**

OF ALL  
U.S. JOBS<sup>\*</sup>



NEARLY

**48**

**MILLION**  
TOTAL JOBS  
IN 2014



NEARLY

**33%**

OF PRIVATE  
SECTOR GDP<sup>†</sup>



MORE THAN

**\$10**

**TRILLION**  
IN ANNUAL  
REVENUE





## Companies Adding Jobs

4Q'14

5.0%

MIDDLE MARKET GROWTH  
OVER THE PAST 12 MONTHS

2.2% Small  
Bus.

2.2% Large  
Bus.

4.0%

NEXT 12 MONTHS



4Q'14

52%

of middle market  
companies expect  
to add jobs.

38%

4Q'13



# Revenue Outpaces S&P 500

4Q'14

7.2%

MIDDLE MARKET GROWTH  
OVER THE PAST 12 MONTHS

4.9% Past 12 Months  
S&P 500

6.0%

NEXT 12 MONTHS

\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$

4Q'14

74%

of middle market  
companies  
project positive  
revenue growth.

57%  
4Q'13

# Confidence in U.S. Rises; Global Dips



GLOBAL ECONOMY

53%



4Q'13 57%



NATIONAL ECONOMY

73%

VS. 1 YEAR AGO

4Q'13 65%



LOCAL ECONOMY

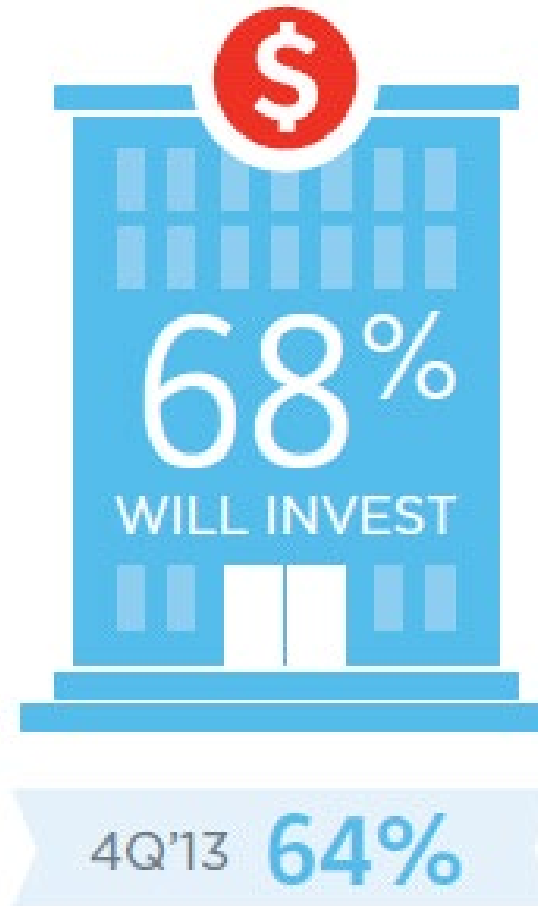
81%



4Q'13 76%

# Capital Investment Plans Continue to Strengthen

Middle market companies consistently invest capital to add jobs, equipment, make acquisitions or train employees.



# Middle Market Growth by Industry

A deeper look at growth in the middle market by industry.

## REVENUE GROWTH

PAST 12 MONTHS

NEXT 12 MONTHS

### SERVICES



8.8%

7.4%

### MANUFACTURING



7.3%

6.7%

### WHOLESALE TRADE



7.3%

7.8%

### RETAIL TRADE



4.6%

4.8%

## EMPLOYMENT GROWTH

PAST 12 MONTHS

NEXT 12 MONTHS

7.0%

6.3%

4.4%

4.3%

6.0%

3.0%

3.3%

3.4%



## REVENUE GROWTH

PAST 12 MONTHS

NEXT 12 MONTHS

## EMPLOYMENT GROWTH

PAST 12 MONTHS

NEXT 12 MONTHS

### CONSTRUCTION



10.5%

5.7%

4.5%

3.6%

### FINANCIAL SERVICES



8.3%

6.0%

5.7%

4.7%

### HEALTHCARE



8.1%

6.3%

6.0%

5.3%

### OTHER



6.7%

5.1%

4.6%

3.8%

# High Tech Study

## Analysis of High Technology Programs



**Washington State Department of Revenue**  
**December 2013**



# Public Pot of Money

- ▶ 1.2 billion uncollected taxes
- ▶ Job creation: 51% of new hires are admin, 37% researchers
- ▶ Company growth: Declining, 61% failure rate, less than 39% remained open through 2012, 20% close within the first year
- ▶ 3 companies took \$516 million, \$684 million of the \$1.2 billion of uncollected taxes.
- ▶ New product, less than 1% of new products make it to market
- ▶ Conclusion: promises broken
- ▶ The middle market is a better way



# Paid Sick Leave

- ▶ **4 in 10 workers** don't get a single paid sick day, including many in restaurants, retail and even health care.
- ▶ **Paid sick and safe leave** will assure workers in firms with more than 4 employees the right to earn paid leave for illness.



# FAMLI Act

- ▶ When a new child comes is born or a serious illness strikes, people need longer periods of leave. Several states already provide paid sick or family leave.
- ▶ **Washington's FAMLI Act** will provide income when workers must take extended leaves of up to 12 weeks for the birth or adoption of a child, or the serious health condition of the worker or a close family member, financed through low-cost payroll premiums.