

## Coalition of Washington Business Organizations (COWBO)

January 18, 2005

The Honorable Christine Gregoire  
Office of the Governor  
PO Box 40002  
Olympia, WA 98504-0002

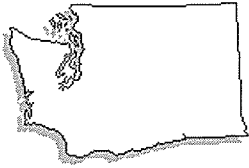
Dear Governor Gregoire:

Washington is in the midst of a very fragile economic recovery. Once again our state faces a major budget deficit that some estimate will exceed \$1.6 billion. This comes at a time when employment has just barely crawled back to pre-recession levels and voters have resoundingly rejected increases in General Fund taxes. These are challenging times.

Faced with similar challenges in recent years, state lawmakers stepped up and made the critical improvements needed to support economic recovery and promote future prosperity statewide. It is vital that the next governor and 2005 Legislature embrace many of the innovations made in 2003 and 2004, protect the state's fragile economy and make job creation the number one priority. This will be the focus of the Coalition of Washington Business Organizations (COWBO) in 2005. On behalf of thousands of employers statewide, we look forward to working collaboratively with you on the following issues.

**Maintaining fiscal discipline and embracing the Priorities of Government (POG) process.** In order to protect the fragile economic recovery, it is critically important that Washington continue to operate within the confines of existing General Fund revenues and focus resources on delivering priority services. This should be done in a sustainable manner that won't increase the projected shortfall for 2007-09, which is already projected to well exceed \$3 billion. For example one-time remedies such as transfers from dedicated funds should be avoided. The governor and Legislature should expand and deepen the state's commitment to the POG process and produce a results-based budget.

**Making the workers' compensation system competitive with other states.** Employer costs for workers' compensation have increased dramatically in recent years and continue to escalate; creating a significant deterrent to job growth. Workers compensation' reforms are needed to bring greater fairness and clarity to the system and contain rising costs. Improvements in claims management and emphasis on faster returns to work for claimants will have the most significant impact. Retrospective



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### MEMBERS

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WASHINGTON BUSINESS

WASHINGTON  
ROUNDTABLE

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WASHINGTON RETAIL  
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FARM BUREAU

WESTERN STATES  
PETROLEUM  
ASSOCIATION

rating programs continue to outperform the rest of the state system and need to be protected as well.

**Containing health care costs while protecting vulnerable citizens.** Health care costs continue to skyrocket, threatening both economic recovery and state fiscal stability. Much of the growing shortfall between state revenues and expenditures is due to rising health care costs. Washington must contain costs by bringing services in line with other Western states (currently our state has one of the most generous health care programs in the nation) and slow the price escalation that employers face by promoting consumer-driven health care programs, reducing mandates (Washington ranks 7<sup>th</sup> highest in the nation) and encouraging insurance companies to return to Washington and offer an expanded array of health plans.

**Maintaining unemployment insurance reforms.** The Legislature made significant progress in 2003 in its efforts to revitalize our state economy. Changes to the unemployment insurance system were key to that effort. As the economy slowly improves it is more important than ever that Washington stays the course and protects these advancements. Even when the changes are fully implemented in 2005, Washington will continue to have an average tax that is more than double the national average.

**Enacting much-needed liability reforms.** Washington's current tort system creates massive uncertainty for employers, leading to an unwillingness to hire or expand here. Significant reforms are needed to promote fairness in the civil justice system, reduce litigation risks and create fiscal stability.

**Encouraging entry level job creation.** Entry level jobs are the cornerstone of worker development and economic vitality for many employers and communities. To protect and create more entry level jobs, lawmakers must remove the annual minimum wage inflator and allow for adjustments that reflect cost-of-living differences.

**Pursuing regulatory reform.** The state regulatory system must become more predictable and solution-oriented. An Office of Regulatory Reform empowered to eliminate redundancies in the current code and streamline permitting would expedite this process. The office should be supported by legislation requiring a cost-benefit analysis for all proposed regulations.

**Reforming the GMA.** The Growth Management Act must provide measures to ensure sufficient land capacity and infrastructure is available for new jobs and homes in order to achieve GMA goals of accommodating growth. Further, the act should clarify what it means to "include best available science" in local development regulations. Finally, less burdensome update requirements are necessary for slow growing cities and counties.

Washington continues to face challenging times. The actions you take during the 2005 legislative session will chart the course for continued economic recovery. Job retention and creation must be the basis of that recovery as it is the only sustainable way to build the long-term revenues needed to deliver important state services.

Thank you for the hard work you put in to make our state a better place to live and do business. We are committed to playing a positive and productive role during the session.

Sincerely,



Roland Dewhurst  
Associated General Contractors of Washington



Don Brunell  
Association of Washington Business



Gary Smith  
Independent Business Association



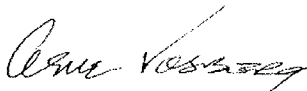
Steve Francks  
Washington Association of Realtors



Bill Wilkerson  
Washington Forest Protection Association



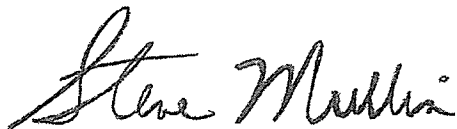
Clif Finch  
Washington Food Industry Association



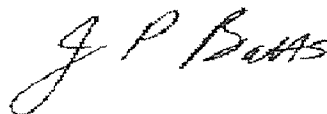
Gene Vosberg  
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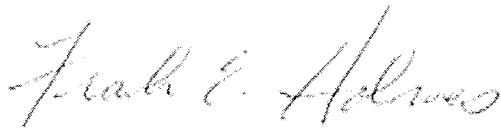
Jan Teague  
Washington Retail Association



Steve Mullin  
Washington Roundtable



Patrick Batts  
Washington State Farm Bureau



Frank Holmes  
Western States Petroleum Association