



POLICY BRIEF

Focus on Small Business: Job Creators and Job Killers

A Report on Major Bills from Washington's 2013 Legislative Session

Erin Shannon
Director, Center for Small Business

July 2013

Key Findings

1. *The most effective way to encourage job growth is not to burden employers and discourage entrepreneurs with more government mandates and new taxes.*
2. *Despite the near-ubiquitous "I'm-for-jobs" sound bites and talking points issued by lawmakers of both parties, there were a number of job-killer bills introduced in the 2013 Legislative Session.*
3. *While none of the job-killer bills listed passed the legislature, neither did most of the job-creator bills.*
4. *The House and Senate did pass and Gov. Inslee signed four of the job-creator bills that implement some important steps toward regulatory reform.*
5. *Overall, the record of some lawmakers and the governor in improving Washington's business climate and expanding job opportunities for workers was disappointing in the 2013 Legislative Session.*



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Introduction

Throughout his campaign, in the days leading up to his inauguration, and since being sworn in as governor, Jay Inslee repeatedly has said his top priority is to create the jobs needed to boost our state's weak economy. Here are examples:

- “We have built a plan tailored to the unique abilities of our state.... This race should be about who'll be the most successful on jobs creation.”¹
- “My top priority is job creation.”²
- “I'm focused like a laser beam on jobs.”³
- “My focus is job creation. I'm going to focus like a laser beam on the things a governor can do” to help businesses.⁴
- “My focus, first, is job creation in this legislative session.”⁵
- Governor-elect Jay Inslee said Thursday that job creation is his number-one priority when he takes office in January (Matt Lorch, KCPQ-TV interview with Inslee).⁶

Gov. Inslee has assured the public again and again that he understands unemployment is the biggest obstacle to a prosperous future for the people of our state. Gov. Inslee's claim of having a laser focus on job creation is shared by lawmakers on both sides of the political aisle. There is agreement among leaders of all political stripes that enacting policies that foster job creation is at the heart of fixing the state economy.

The most effective way to encourage job growth is not to burden employers and discourage entrepreneurs with more government mandates and new taxes. The way to promote job growth is to provide employers and entrepreneurs with the regulatory and tax relief that encourages them to expand their businesses, hire more workers and generate more tax revenue for the state through economic growth.

Yet in spite of the near-ubiquitous “I'm-for-jobs” sound bites and talking points issued by lawmakers of both parties, there were a number of job-killer bills introduced in the 2013 Legislative Session. This study summarizes significant bills that would affect job creation in our state, and examines the governor's claim that promoting policies that create jobs and serve the public interest really was his “top priority” and “laser-beam focus” in the legislative session.

Following are lists of major job-creator and job-killer bills introduced in the House and Senate, along with four job-creation bills that were enacted. Detailed information on each bill is provided at the end of this study.

Job-Creator Bills

Below are major job-creator bills introduced in the 2013 session. Many of these bills were passed or saw action in the Senate, only to die in the House.

- SB 5757, to make state agency websites easier for the public to use
- SB 5109, to create a Business & Occupation tax incentive for new small businesses
- SB 5382, to provide Business & Occupation tax relief for start-up firms with four or more employees
- SB 5656, to provide a one-stop website to get a local business license anywhere in Washington
- SB 5819 and HB 1478, to require state agencies to take a temporary timeout on imposing new rules on citizens
- SB 5688, to make state and local business tax codes simpler and more understandable for citizens
- SB 5697, to reduce the number of times officials can impose new sales taxes from four times per year to two times per year
- SB 5641, to require the governor to sign major regulations that impose new burdens and penalties on citizens
- SB 5726, to prevent local officials from imposing unfunded paid sick leave mandates on businesses located mostly outside their jurisdiction
- SB 5728, to insure that local paid sick leave mandates do not exceed state standards
- SB 5159, to repeal the suspended Family and Medical Leave Act mandate
- SB 5275 and HB 1150, to allow new workers to accept jobs and receive a training wage for a limited time of employment
- SB 5124 and HB 1464, to provide for simplicity and certainty in the calculation of workers' compensation benefits
- SB 5125, to insure that workers' compensation payments go only to workers injured in the workplace
- SB 5127 and HB 1097, to reduce age discrimination in the state workers' compensation program by allowing more injured workers to choose to receive benefits through a structured settlement agreement

- SB 5128 and HB 1463, to end age discrimination in the state workers' compensation program by allowing all injured workers to choose to receive benefits through a voluntary settlement agreement
- SB 5675, to end the state monopoly on selling workers compensation insurance

Job-Killer Bills

Below are major job-killer bills introduced in the 2013 session. Many of these bills saw action in the House, but were not acted upon in the Senate. Of these, Gov. Inslee strongly supported enacting a permanent B&O tax increase on service sector business owners, based on temporary three-year rates passed in 2010. This represented a significant shift from his earlier position that he would not sign a tax increase.

- SB 5594 and HB 1313, to impose an unfunded paid sick leave mandate on Washington employers
- SB 5292 and HB 1457, to impose a new tax on employers and workers and to impose an involuntary family and medical leave mandate on Washington businesses
- SB 5224 and HB 1085, to impose a new tax on employers and most Washington residents aged 18 and older, and to require the creation of a state single-payer health care monopoly
- HB 2038, to permanently extend Business & Occupation taxes due to expire in 2013, to increase taxes on certain professional workers and high technology research, and to change nonresident sales tax collection to fund existing education programs

Job-Creator Bills That Were Enacted

Four important job-creator bills were passed by the legislature and signed by Gov. Inslee during the 2013 session. Those bills are:

- HB 1403 and SB 5680, to promote economic development by providing information to businesses
- HB 1818 and SB 5765, to promote economic development through business and government streamlining projects
- HB 1591 and SB 5679, to improve the business climate and stimulate job creation by requiring state agencies to review the effectiveness of existing rules
- HB 1757 and SB 5718, to make it easier for Washington business owners to comply with state requirements

Conclusion

In a benefit to our state's business climate, all the job-killer bills listed here died without receiving a floor vote in the House or Senate, but they are likely to be considered again in the next legislative session.

Alternatively, many of the job-creator bills listed here were passed by the Senate but failed to receive consideration in the House. However, the House and Senate did pass and Gov. Inslee signed four of the job-creator bills that implement some important steps toward regulatory reform.

Earlier this year the Washington Economic Development Commission (WEDC) identified regulatory reform as a "top economic development priority." The WEDC report said Washington's regulatory system is "overly burdensome" and acknowledged that "regulatory processes impose costs-of-doing business, and significantly influence investment behavior, location decisions, start-up activity, expansions and hiring." The four bills passed by the Legislature and signed by the Governor are a much needed first step toward overhauling the state's regulatory policy to make it easier for businesses to understand and comply with regulations.

Overall, the record of some lawmakers and the governor in improving Washington's business climate and expanding job opportunities for workers is disappointing. If lawmakers and Gov. Inslee are sincere in their repeated statements that job creation is the key to economic prosperity, a more serious effort would have been made to pass and sign the core job-creator bills introduced this year. The governor cannot be said to have "focused like a laser beam" on job creation in this session.

In fact, one of his first legislative initiatives as governor called for shifting public policy in the other direction. In his proposed budget outline, Gov. Inslee sought to rescind a commitment made by state leaders in 2010 that Business & Occupation tax increases enacted that year would expire on July 1, 2013. Affected employers, mostly in the professional services sector, had counted on the long-promised tax expiration to improve the fiscal health of their businesses in the second half of the year. While the governor's position was at first supported by the House, the B&O tax extension was later dropped during budget negotiations.

Many of these positive job-creator bills are likely to be introduced again, providing further opportunities for state leaders to enact public policies that serve the public interest, and to foster economic conditions that lead to more take-home pay and a better life for all Washington workers and their families.

For a complete listing of the bill summaries contained in this publication, see the appendix of our full study "Focus on Small Business: Job Creators and Job Killers," available in PDF form on our website, [washingtonpolicy.org](http://www.washingtonpolicy.org).

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- 1 “How Inslee, McKenna differ on job creation,” by John Stang, Crosscut, May 4, 2012, at crosscut.com/2012/05/04/washington-governor/8282/jay-inslee-jobs-plan-rob-mckenna/.
 - 2 “The News Tribune voters Guide – Election Coverage 2012,” *The News Tribune* (Tacoma), 2012, at c3.thevoterguide.org/v/tacoma12/race-detail.do?id=10634258.
 - 3 McKenna lands punches in third gubernatorial debate – hits Inslee on no-tax promise, job plan, *Washington State Wire*, October 3, 2012, at washingtonstatewire.com/blog/mckenna-lands-punches-in-third-gubernatorial-debate-hits-inslee-on-no-tax-promise-jobs-plan/.
 - 4 Inslee names five more to Cabinet – three are promotions from lower state agency positions, by Brad Shannon, *The Olympian*, January 10, 2013, at www.theolympian.com/2013/01/10/2379985/inslee-names-five-more-to-cabinet.html#storylink=cpy.
 - 5 “Governor-elect Inslee lays out key focus issues,” by Zoey Palmer, *Bainbridge Island Review*, January 14, 2013, at www.bainbridgereview.com/news/186874982.html.
 - 6 “Washington’s next governor: One-on-one with Jay Inslee,” interview by Matt Lorch, KCPQ-TV Seattle, November 15, 2013, at q13fox.com/2012/11/15/washingtons-next-governor-one-on-one-with-jay-inslee/#ixzz2QjwkKQfO.

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