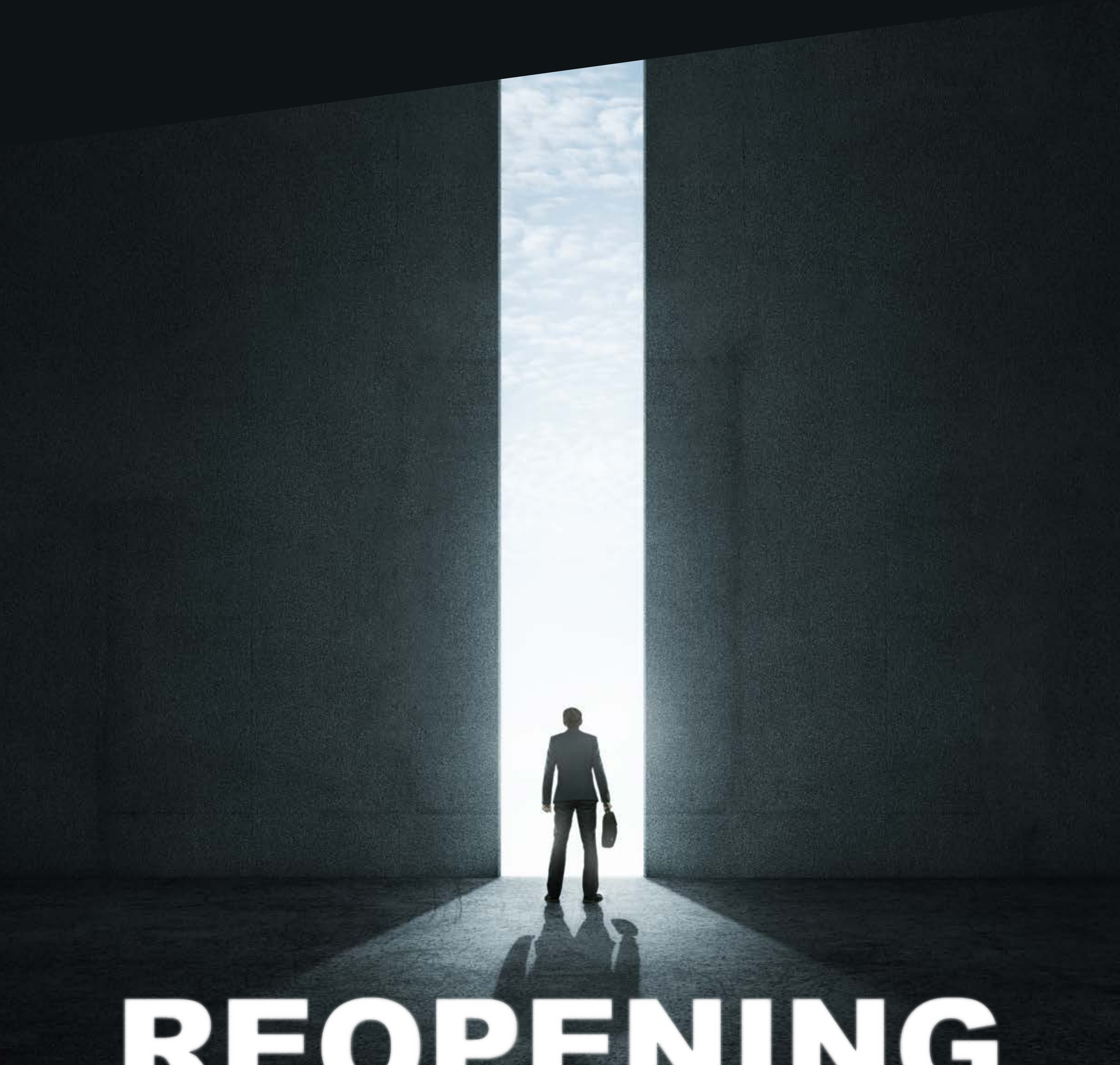
SUMMER 2020

Viewpoint

THE QUARTERLY MAGAZINE OF WASHINGTON POLICY CENTER



REOPENING

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Viewpoint

THE QUARTERLY MAGAZINE OF WASHINGTON POLICY CENTER

Dear WPC supporter,

Shortly after the release of the last issue of *Viewpoint*, we saw an unprecedented, government-mandated, economic shutdown, with Washington state among the first to shutdown and remaining among the last to fully re-open.

Our WPC research center directors adapted to the historic circumstances and modified their work plan to fit the needs of this highly unusual time. This issue will give you a sense of their remarkable work which I believe helped shape improvements in state and local policies.

We published (and advocated for) several recommendations in the early stages of the lockdown including that school districts abandon planned property tax increases by cancelling bond proposals (which several school districts did). Among additional WPC recommendations that were implemented:

- The state and counties provided modest tax relief by delaying property tax collections and delaying Business and Occupation tax collections.
- The state loosened insurance restrictions to allow for and expand telemedicine.
- Certificate of Need restrictions against opening new health services were eliminated (for now).
- We worked with the Secretary of State's Office on options to help make it easier to exercise our constitutionally guaranteed right to gather signatures in an era of social distancing.
- We also strongly advocated for restarting residential construction, which was shut down at the beginning of the COVID crisis while government construction projects continued. We published several articles and hosted multiple webinars to detail specific approaches to safely opening this critical business segment. On April 24th Governor Inslee relaxed the restrictions and the industry was able to re-open.

And as I'm sure you saw, our Todd Myers' work on the governor's COVID-19 Risk Assessment Dashboard dials received front-page coverage in *The Olympian* and national coverage on Fox News and *The Wall Street Journal*. After the national exposure, the governor abandoned his previous dials and opted for new metrics.

As our state starts to re-open, new pressures will arise from the collapse in state revenue and the strain on our unemployment system. Questions over what went wrong and what should be done if there is a "second wave" should necessitate a review of state policies so that we can learn from past mistakes and improve the state's ability to respond. To that end, WPC center directors have assembled a body of work that can make a significant contribution to state policymakers moving forward. Thank you for supporting Washington Policy Center. We are honored to be entrusted with that support and for your faith in our work especially in these challenging times. I hope this edition of *Viewpoint* finds you healthy, hopeful and enjoying a nearly reopened Washington.

Sincerely,

Dann Mead Smith
President, Washington Policy Center

Viewpoint is the quarterly magazine of Washington Policy Center, an independent Washington state-focused think tank.

Viewpoint is designed and edited by Zoe Messer and David Boze

Policy Note:
Perspective on the budget "crisis"

Washington's economic outlook has dramatically changed due to the global COVID pandemic and Governor Inslee's subsequent order in March to lock-down the state economy. When the 2020 legislative session opened in January, the state was in the midst of strong economic growth leading to the opportunity for tax relief. Instead, lawmakers used that tax growth to increase the state budget even higher. Then the global COVID pandemic turned the state's financial outlook upside down. Washington's current 2019-21 budget is $53.3 billion. This level of spending is $8.6 billion, or 19% higher, than the 2017-19 budget. This paper provides a snapshot of historical state spending and revenue growth, the projected budget deficit created by the economic lock-down policy, and options to help lawmakers address the budget deficit.

Key Findings

1. Washington's current 2019-21 budget is $53.3 billion. This level of spending is $8.6 billion, or 19% higher, than the 2017-19 budget.

2. Although the fundamentals of Washington's budget process are strong, the decision to enact large spending increases has put additional pressure on the ending fund balance and reserves.

3. Realizing there is no recession-proof tax structure, Washington's tax base and economic activity has produced substantial revenue growth prior to the global COVID pandemic and subsequent government restrictions on economic activity.

4. Washington voters have already rejected 10 straight income tax proposals.

5. Every state in the country and the federal Internal Revenue Service (IRS) unequivocally states a capital gains tax is an income tax.

6. There are serious budget implications of relying on a highly volatile capital gains income tax in a recession.

7. Acting early to reduce spending will help reduce the size of the problem for the next state budget (2021-23).

8. Facing a budget deficit in 2010, then Governor Chris Gregoire issued a proclamation to reopen state employee contracts.

9. Among the actions lawmakers should take immediately is to freeze new spending increases, rely on the state's emergency reserves and encourage federal officials to provide flexibility for the original CARES Act funding.

10. It is important these reductions happen while avoiding tax increases that would further burden families and employers as they try to recover from the government imposed economic restrictions.

by JASON MERCIER
Director, Center for Government Reform

For the unabridged version of this Policy Note, go to WashingtonPolicy.org

Everyone leaves a **legacy**. It is not an option – you either have a plan by default which is laid out for you by the **government** or you have a plan by design where **YOU** decide who benefits from your hard-earned estate.

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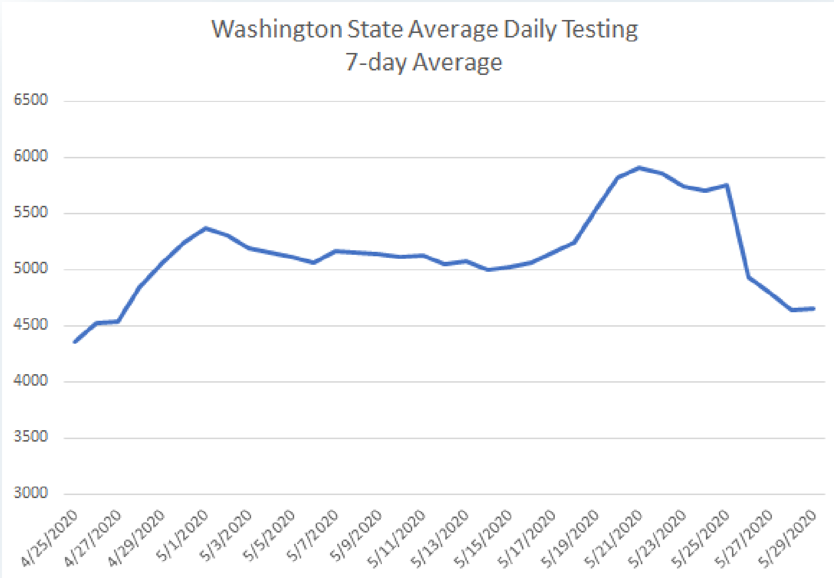
If you are interested in ensuring Washington Policy Center continues to serve Washington state for generations to come, please consider including us in your estate plans today and ensure your legacy lives on through WPC's important work, including WPC's Young Professionals program.

If you have already included Washington Policy Center in your estate plans, please let us know so we can recognize your commitment to our shared ideals.

For more information:

Please contact our Development Director Sydney Jansen at sjansen@washingtonpolicy.org or (206) 937-9691 to learn more about how you can include WPC in your estate plans.

WPC SPOTLIGHT



Graph taken from Washington State Department of Health website

Todd's work on the governor's COVID-19 Risk Assessment Dials received front page and national coverage, shortly after which the governor abandoned the dials for new metrics.

The Olympian

FOX NEWS channel

Todd featured on Fox News in May 2020

THE WALL STREET JOURNAL.

Washington's COVID-19 testing collapses and governor abandons his "dials" after just one month

For the second time in about a month, Washington state leaders have completely changed how they track and report key metrics in fighting the COVID-19 pandemic. Two weeks ago, as we noted, the previous dashboard with five dials proved to be largely useless, inaccurate, and irrelevant. Soon afterward, state officials stopped updating the dials and now they have abandoned them entirely.

The new dashboard the governor has put up is, potentially, an improvement.

For example, where his old dashboard with the dials claimed daily testing for COVID-19 was improving, saying the amount of testing was "very roughly steady," his new dashboard tells a different story. The new metric measures the number of tests per new COVID-19 case. The new dashboard confirms what we have been saying. It shows a steep decline in testing in recent weeks, back to the level it was in late April.

by TODD MYERS
Director, Center for Environment

This decline in testing is even more troubling because the number of new COVID-19 cases is declining. For the ratio of tests to cases to decline, the amount of daily testing must be falling even faster than new cases. A look at the updated seven-day average of daily testing using Department of Health data, shows that despite a brief increase in daily testing a couple weeks ago, testing collapsed soon after and we are now at the same level it was on April 26 – 39 days ago.

Strangely, Secretary of Health John Weisman claimed during a recent press conference that "the numbers have been going up," with the governor saying we had hit 8,000 tests recently. This is simply incorrect. Weisman referenced DOH's dashboard, but neither that dashboard nor the new state COVID-19 dashboard show daily testing increasing or anything close to 8,000 daily tests.

Testing is particularly important if we are to make progress in fighting COVID-19, saving lives, and reopening the economy. At a briefing with state officials and the Institute for Disease Modeling last week, the modelers provided this chart, which notes that "faster and more testing" is the most effective strategy to help reopen the economy while keeping the rate of transmission per case below 1. The sharp drop in testing means we are missing the best opportunity to get the state working again.

On the positive side, the new testing metric sets a target. This is in contrast to the previous dashboard dials, which had no target and were entirely subjective. It is worth noting that the target happens to be 50 tests per new case, a number that is certainly arbitrary. Any target number perfectly divisible by five is not scientific.

The clarity of the target is not matched by clarity of accountability. Although the governor is nominally leading the effort to fight COVID-19, the responsibility for making progress – and the accountability for failure – rests on the shoulders of each county. If our economy remains closed, the fingers can be pointed at county governments, even as state agencies are responsible for approving or rejecting county plans.

Clear targets serve to focus efforts and resources, which is important. If, however, elected-officials and agency leaders fail to make progress, and continue to inflict harm on workers and families, clear lines of accountability will push them to fix mistakes or be removed so more capable leadership can be put in place. The new dashboard needs to add clear accountability to clear targets.

Testing is a good place to start adding that accountability. Thus far, the excuse for the lack of testing has been to point the finger at the federal government. This is politically convenient, but is contradicted by the reality that California, Oregon, and many other states have increased daily testing. It is time to be clear about who is responsible for increased testing.

It has been 135 days since the first case of COVID-19 was identified in Washington state, and 73 days since the governor put the entire state into lockdown. Yet, only now do we have clear targets. With so many jobs lost and businesses closed, waiting more than two months for clarity has been extremely costly. The new dashboard makes clear our failure thus far to take the steps that are most important in fighting COVID-19. It should now be used to get state officials on track, and for the public to demand accountability if we continue to flounder.

Is an income tax on special session agenda?

TVW recently interviewed the top budget writers in the Senate about the state's budget outlook and the possibility of a special session. In one interview, Sen. Braun (ranking member of Senate Ways & Means Committee) said that the governor needs to re-open the state employee contracts to cancel the 3% pay raises due July 1. In the other interview, Sen. Rolfes (chair of Senate Ways & Means Committee) was asked if an income tax would be on the agenda for a special session. Sen. Rolfes told TVW:

"The kind of traditional discussion about 'let's pass an income tax,' people need to know it takes 2/3 of the legislature and a vote of the people. Conversations about a capital gains tax, very likely would be a legal battle about is that an income tax or is it a sales tax or what kind of tax is that? I—as a budget writer—don't look at that kind of policy as something that will dig us out of a hole in the next year. It's something that we might want to look at as part of a long-term reform policy."

In response to the question if an income tax could be part of a long-term reform, Sen. Rolfes said:

"Sure. Everything is on the table. But people need to be really aware that is a vote of the people. That's a big project."

Washington voters have already rejected 10 straight income tax proposals. Also, every state in the country and the federal Internal Revenue Service (IRS) unequivocally say a capital gains tax is an income tax. According to the IRS:

"This is in response to your inquiry regarding the tax treatment of capital gains. You ask whether tax on capital gains is considered an excise tax or an income tax? It is an income tax. More specifically, capital gains are treated as income under the tax code and taxed as such."

Legal problems aside, what about the budget implications of relying on a highly volatile capital gains income tax in a recession? Sen. Mullet (chair of Senate Financial Institutions, Economic Development & Trade Committee) recently told the Bellevue Chamber:

"The real challenge the legislature has is that I don't think there is a way you can tax your way out of this because every industry in the state has been really decimated . . . California is freaking out because they do have a capital gains tax and that's their first line item that they are saying they think is going to get completely annihilated."

To Sen. Mullet's point, here is what California Governor Newsom said in his recent COVID-19 budget proposal:

"Personal income tax revenues are revised downward by almost $33 billion due to a decline in all income sources, but particularly wages, proprietorship income, and capital gains . . . Forecasting revenues associated with capital gains is subject to significant uncertainty because realizations are heavily dependent upon stock market performance and when taxpayers choose to buy or sell stock."

As for spending policy changes, California's Governor said:

"Collective bargaining negotiations will commence or continue with all of the state's bargaining units to reduce pay by approximately 10 percent, relative to June 2020 pay levels."

Sen. Mullet is correct that we can't tax our way of this hole and that a capital gains income tax is not the solution. Along with reducing planned spending increases (like pay raises) and utilizing the emergency reserves, there remains the possibility of additional federal funding flexibility. WPC continues to call on federal leaders to provide flexibility for the original CARES Act funding. It sounds like this message is starting to be received. According to Route Fifty:

"The Trump administration is open to granting states, counties and cities more flexibility in how they can use $139 billion in previously approved coronavirus relief funding, Treasury Secretary Steven Mnuchin said on Tuesday. 'If there is bipartisan support for this and the money has already been allocated, that is something that I assume we'd very seriously go along with,' Mnuchin said during testimony before the Senate Banking Committee, in response to a question about allowing states to use the money to fill budget shortfalls caused by the virus-driven economic slump and the massive dent it has put in state and local tax revenues."

by JASON MERCIER
Director, Center for Government Reform

As for an income tax, we should learn from the budget problems of our neighbors. California knows all too well that an income tax does not make your budget recession proof.

Is public education spending "constitutionally protected?"

by LIV FINNE
Director, Center for Education

State officials say they will receive an estimated $7 billion less in revenue over the next three years than they expected to get when they enacted the 2019-21 state budget. Passed at a time of record economic growth and low unemployment, lawmakers increased state spending by 19 percent, believing that over the next two years taxpayers would provide the funding.

The COVID-19 health crisis and subsequent government-ordered economic lock-down have sharply changed these expectations. State leaders are now seeking savings in a budget to which they added billions of dollars in new spending. Fifty-one percent of the state budget is spent on the schools, an increase from 43 percent ten years ago. Examining education spending is a logical place for lawmakers to look for savings. Yet some observers say the education budget is "constitutionally protected" and cannot be changed.

This new study examines whether this statement is true; whether the legislature can in fact make changes in the education system that would result in better outcomes for children and a slowing of spending increase for the state.

Key Findings

1. State officials say they will receive an estimated $7 billion less in revenue over the next three years than they expected to get when they enacted the 2019-21 state budget.

2. Some observers are saying the constitution protects education spending from cuts. This is not the case.

3. State spending on K-12 schools has doubled in the last eight years, from $13.5 billion in 2013 to $27.3 billion today.

4. The state supreme court has said education spending is "not etched in stone" and can be changed.

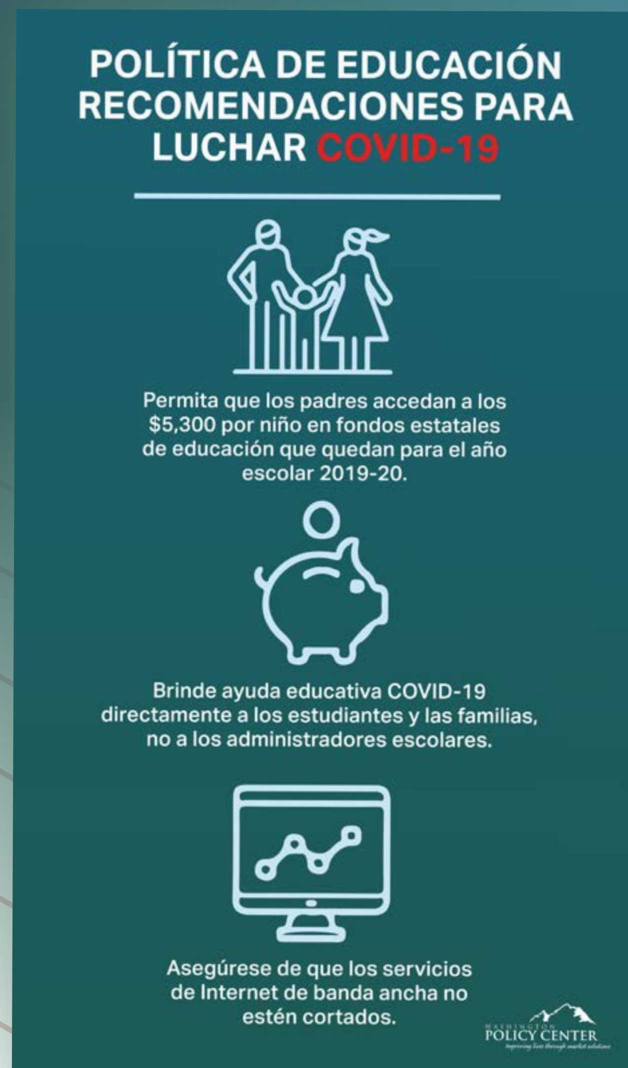
5. The legislature has an obligation to review the basic education program as the needs of students and the demands of society evolve.

6. The legislature can make budget changes to improve the quality of education services.

7. The legislature has many options to balance the state budget in ways that improve the quality of education services.

For the unabridged version of this Policy Note, go to WashingtonPolicy.org

These WPC infographics, highlighting policy recommendations related to the COVID-19 pandemic and restarting the economy, were translated into Spanish as part of WPC's new-audiences outreach efforts.



Top: Economic recovery recommendations by Mark Harmsworth, WPC's Center for Small Business Director

Right: Education policy recommendations by Liv Finne, WPC's Center for Education Director

To view all English and Spanish-language infographics, visit our website and our WPC en Español page.

Policy recommendations for fighting the COVID-19 virus

As the earliest state to be hit, Washington is in a unique position to learn from these experiences and present effective policy solutions so we are prepared to reduce or avoid harm now and the next time a public health crisis arises.

The basic government recommendations to fight the virus – thorough hand washing, stay-at-home practices and social distancing – are well known. What follows are effective public policies that will not only strengthen our health care infrastructure but will improve economic growth and work opportunities for all Washingtonians.

Key Findings

1. Let doctors and nurses work across state lines. Lawmakers should repeal licensing restrictions that prevent fully-trained doctors and nurses from helping people in other states.
2. Relax restrictive re-certification laws to attract more trained medical professionals.
3. Expand scope of practice laws to increase the number of health care providers.
4. Repeal Certificate of Need laws that restrict medical supplies and services.
5. Expand telemedicine and allow interstate use. Doctors should be allowed to diagnose and advise patients at a distance, without political barriers.
6. Limit malpractice and expand Good Samaritan laws. Doctors, nurses and members of the public should not fear attracting a lawsuit because they tried to help another person.
7. Provide access to affordable health care insurance.
8. Maintain a strong private sector in health care services, supplies and medical research.
9. Allow homeowners to defer property taxes, lower tax rates and repeal late-payment penalties.
10. Help small businesses by suspending B&O taxes and by repealing the new tax on services.
11. Protect construction as an essential service, and ensure that public and private workers are treated equally.
12. Help small business owners by temporarily suspending B&O taxes, and by repealing the legislature's recent tax increase on service employers.
13. Make sure that broadband internet services are not cut off.
14. Give COVID-19 education aid directly to students and families, not to school administrators.
15. Allow parents to access the $5,300 per-child in state education funding that remains for the 2019-20 school year.
16. Allow the use of clean plastic grocery bags, and repeal the fee on the use of sanitary paper grocery bags.

For the unabridged version of this Policy Note, go to WashingtonPolicy.org

by PAUL GUPPY
Vice President for Research

No easy answers for agriculture, workers, and COVID-19

by PAM LEWISON
Director, WPC's
Initiative on Agriculture

Washington's cherries are starting to show color. But will there be anyone to help harvest the 2020 crop? Familias Unidas por la Justicia (FUJ) recently filed a lawsuit in Thurston County requesting a permanent injunction stopping the use of bunkbeds in temporary worker housing units throughout our state. Agricultural employers throughout Washington might be experiencing déjà vu after a brief reprieve from the pressures of the hiring process. The suit, which focuses more specifically on housing and the incoming wave of temporary H-2A workers from abroad, would, again, jeopardize homes for those workers, put farms at risk, and allow produce to rot in the fields.

The FUJ suit alleges the continued use of bunkbeds for workers in Washington state constitutes a "patently inadequate" solution that would cause "grave irreparable" harm to "all farmworkers" and requests that all the emergency rules for temporary worker housing be subject to judiciary review. According to statements made in the press, the impetus for the suit was the banning of bunkbed use in Oregon for the 2020 farm season. It is an apples-to-oranges measurement. According to the Oregon Employment Department Foreign Labor Certification Program, as of June 8 they had received 1,500 applications for temporary H-2A workers for the 2020 season. Washington welcomed 26,000 temporary H-2A workers in 2019 —17 times as many as Oregon— and applied for 30,000 this year. Washington state's fruit industries survive with the much-needed help of its temporary H-2A labor force, the need of which is borne out year-after-year.

The first lawsuit to ban bunkbed use in Washington state was negotiated to the alleged satisfaction of all parties, including FUJ. The negotiations included six feet of spacing between beds where possible and the installation of plastic barriers between beds where spacing was not possible. The mediation conclusion also included requirements for increased ventilation in sleeping quarters and offset head-to-toe sleep arrangements in bunkbed settings as well asadditional inspections for living quarters and retrofits of temporary worker housingand increased sanitization of common areas.

Growers are also required to follow safety and health measures from the Washington State Department of Health and the Department Labor and Industries. The rules include establishing working and living groups of no more than 15 people, providing new PPE daily that includes gloves, face masks, face shields, hand sanitization stations, and establishing proper social distancing protocols. Methods for transportation have also been updated to include staggered, distanced, or limited seating in vehicles, and creating health check measures for all employees before they report for work each day.

The 15-person working and living groups were previously adopted by the Department of Health for housing and limiting contact in an effort to ensure potential infections do not spread through all residents of temporary housing units.

Additionally, the unproven reduction in risk of COVID transmission from eliminating bunkbeds imposes huge costs to farmworkers (who lose income) and the food supply chain. Agriculture contributes nearly $8 billion in livestock and produce value to the state's economy along with another $8 billion in exports and $12 billion in food processing with many of those dollars coming from our fruit industries. Without the labor force to help grow and harvest those crops, produce will be left to rot in the fields rather than being picked to generate income and feed families.

If FUJ is really in the business of protecting the rights, health, and safety of farmworkers – both local and foreign – they would drop any lawsuit that impedes the ability of a worker to report to work if they choose to and, instead, focus their efforts on educating workers and employers. Funds spent on lawsuits would be better spent on masks and other PPE distributed directly to workers or on the creation of educational posters distributed to agricultural employers for display on farms or in temporary worker housing.

It's time for Sound Transit to rethink its rail expansion

The Sound Transit Board participated in a workshop on June 3 to deal with the agency's expansion projects and the financial reality they face as a result of COVID-19, and resulting social distancing mandates.

Sound Transit depends on sales, property, car tab, and rental car sales taxes to fund its projects. Most recently, voters approved Sound Transit 3 (ST3) in 2016, which increased Sound Transit's car tab tax to 1.1%, sales tax to 1.4%, property tax to $25 per $100,000 of assessed value, and rental car sales tax to 0.8%. Tax revenues fund 67% of Sound Transit's program. Fares fund another 7%. The rest is funded by debt and grants.

The agency reports that tax revenues, unsurprisingly, are lower than what was projected in 2019. Sales tax revenues for March were down 25% compared to 2019. Car tab tax revenue (motor vehicle excise tax) for April was down 25%. Rental car sales tax revenue is down 87%. Meanwhile, ridership has declined by 86% on Sound Transit's services, so the agency is not bringing in much money from fare collections either.

All of this information is based on what we know now, which does not include the potential length of the economic recession or people's travel behavior during recovery. Some surveys indicate we should expect a shift in travel preferences, as more people telecommute and choose to drive rather than take public transit. It is very likely that even after the state is fully reopened, transit ridership could build slowly and some transit ridership losses will not be recovered at all.

Most notable is Sound Transit's revenue loss projections –the agency projects it will lose $8 to $12 billion over the next two decades. In a moderate recession scenario, Sound Transit projects it will lose $743 million in 2020 and 2021, and $7.8 billion through 2041. In a more severe recession scenario, officials anticipate they could lose $1 billion in 2020 and 2021, and $12 billion through 2041. This takes into account the $166 million the agency received through the federal CARES Act.

Sound Transit lists several options to manage affordability:

- Increasing debt capacity from 1.5% to 5% of assessed property value with 60% voter approval
- Increasing the rental car tax rate, fares, or finding new ways to tax;
- Reducing costs through various financial market tools, and reducing the scope of certain programs or eliminating them altogether;
- Delaying projects into the future, including a "five-year delay to projects not already in construction."

Washington Policy Center has long-recommended that Sound Transit focus on a transit system that can be built faster, cheaper and carry more passengers than light rail. Prioritizing lower-cost options that serve the greatest demand is the best approach, especially for parts of the Sound Transit district in Snohomish, East and South King, and Pierce counties. Extending light rail to low-density cities to justify collecting taxes from parts of the region that won't benefit from the expansion in any meaningful way – results in underperforming systems and in those very projects being the first on the chopping block during an economic crisis.

by MARIYA FROST
Director, Coles Center for Transportation

This is Sound Transit's second experience with an economic recession. Hopefully the agency learns and, given the long-term hit to ridership, focuses its energy on eliminating projects that don't make sense post-COVID, and providing key services to those who need it the most.

Policy + action: WPC Young Professionals walk it like we talk it!

Over the past couple months, life as we've known it has dramatically changed. While we've all experienced the effects of the COVID-19 response in different ways, there's one group of people who remain especially vulnerable to the pandemic.

Seattle's homeless are being neglected during this time when programs are shutting down and resources are scarce. This is especially dangerous as men and women experiencing homelessness have an increased risk of contracting and spreading the virus.

CBSN just featured one of our Young Professional (YP) committee members, Noelle Wiggins because of her work with Reach, an organization that's been helping Seattle's homeless amidst the COVID-19 crisis. Noelle embodies the kind of active professional who not only talks the talk but walks the walk. She and others on her team have been an example of true love and compassion, putting themselves at risk in order to help the vulnerable.

Noelle's service is a perfect example of one of YP's core values which is "policy + action."

We care for the people of Washington state by putting our time, energy, and resources where our mouth is. It's easy to say we're passionate about fixing the homelessness issue or other issues our state faces, however, it's another thing to step into the ring.

Young Professionals Washington Policy Center

WPC Young Professionals is an organization dedicated to learning about and appreciating free markets and free market policy approaches. Our members have a keen interest in how our approach to policy can solve some of the more intractable problems in society today. We embrace civil discussion and opportunities to build bridges with people who don't necessarily agree with us. Free markets make room for good policy, and good policy improves people's lives.

Featured YP member, Noelle Wiggins, on CBSN

Join WPC's Young Professionals for one of our Summer Socials near you!

Seattle — August 6th **Spokane — August 12th**

Tri-Cities — August 13th

for more information and to register, please visit WashingtonPolicy.org/Events

Employers know how to operate safely during COVID-19

The recent proclamation 'Safe Start – Stay Healthy' has relaxed the criteria for re-opening a business in Washington during the COVID-19 crisis. It still requires, however, the government bureaucracy to approve a business for reopening.

The directive allows any county that has been operating in phase 1, 2 or 3 of the Safe Start Washington Plan for 3 weeks or more, to apply for approval from the state to move to the next phase. Once approved, the County Health Board is charged with overseeing and setting guidelines for keeping businesses compliant with COVID-19 state recommendations within their jurisdiction.

by MARK HARMSWORTH
Director, Center for Small Business

Depending on the type of business, the reopening qualification requirements can differ significantly. In some cases, these requirements create an untenable situation where a business has the option to open but can't because it cannot generate enough business activity to make it financially viable.

Consider the retail business sector. Many stores operate on razor thin profit margins. This profit margin can be as thin as 3% or 4%. While occupancy can be enforced to meet the requirements of the Safe Start Phase 2 plan, a retailer will not be able to operate efficiently or profitably unless there is a reduced staff compliment. This will slow economic recovery and put more pressure on the unemployment trust fund as under-employed staff members will continue to claim unemployment.

The Federal Cares Act provides funding for businesses to cover their payroll costs to bridge the gap until the stay-at-home restrictions are lifted. The federal program includes a forgiveness provision for employers that continued to pay salaries to their employees and keep them on the payroll during the COVID-19 crisis. To qualify for forgiveness, the original loan forgiveness rules required 75% of the federal grant money to be spent on salaries within 8 weeks of the loan being funded. This created a problem for many Washington businesses as, if the rules were not followed, the loan had to be repaid. Subsequent changes have eased this restriction, reducing the qualification amount spent on salaries to 60% and extending the qualification period.

In many cases, businesses have opted not to take the federal grant funding because of Washington's inconsistent application of COVID-19 business restrictions. Since forgiveness only lasts 8 weeks, the extended Washington lockdown means any additional payroll costs, past the initial 8 weeks, has to be covered by the employer while little or no revenue is being generated. Businesses need certainty to plan for employee and business financial stability. Every day social media brings news of another business deciding to close due to this uncertainty, introduced by the state.

Washington state was one of the first states to close for business and is on track to be one of the last to reopen. This is one of the longest shutdowns in the nation for business.

The criteria used for social distancing and other safety requirements should be applied consistently across business sectors, without the state picking favorites. A light regulatory hand from the state is needed and, in many circumstances, simple guidelines, not restrictive regulations will be the only requirement needed to ensure a safe restart of the economy.

Washington State needs to provide an easing of the restrictions and a consistent approach to regulation as soon as possible.

Washington business owners are quite capable of understanding what is needed to keep both employees and customers safe in the COVID future. A business should be allowed to operate without government interference.