

"We're helping bolster several key industries including aerospace, agriculture and clean energy. We're strengthening STEM education, which is so critical to maintaining a competitive, world-class workforce. This is a strong start."

Governor Inslee's Working Washington Agenda: Key Successes

In February, Governor Inslee put forward his plan for revitalizing Washington's economy, creating jobs and ensuring we have workers with the knowledge and skills to fill them.

The Governor's **Working Washington Agenda** encompasses several pieces of legislation, government reforms and new state investment priorities in these areas:

- » Educating a 21st century workforce
- » Improving the business climate and expanding our workforce
- » Advancing Washington's aerospace leadership
- » Clean energy, climate action and plentiful water
- » Health care reform: healthy people, healthy economy

While there is still work to be done, we made significant strides forward during this year's legislative session. Here are a few highlights.

Educating a 21st century workforce

STEM alliance

In the next decade, almost all the fastest-growing job sectors will require science, technology, engineering and math — or STEM — skills. By 2017, it is estimated that 30,000 jobs in our state will go unfilled by Washington's own students due to a lack of qualified STEM candidates.

We need to better promote STEM education to inspire the next generation and show students the exciting opportunities available in everything from life science to computer science and robotics to genomics. **House Bill 1872** lays a foundation we can build upon. The Governor will convene a new STEM alliance whose members are drawn from the private and public sector to bring together the best thinkers so we can build a more coherent and comprehensive model for advancing engagement and creating interdisciplinary opportunities.

As we expand our efforts and bring more opportunities to students, we must employ the right metrics to ensure every STEM program meets our expectations and measures how well we're preparing students to enter the workforce. This bill sets up that matrix of measurements to track the state's performance as well as the performance of our partners.

Investing in STEM

The 2013–15 capital budget invests more than \$600 million in new higher education facility construction. Many of these projects support STEM education, including \$61 million for a new science building at Central Washington University, more than \$6 million for science lab renovations at The Evergreen State College and almost \$42 million for the science and math building at Grays Harbor Community College. In addition, the 2013–15 operating budget provides funding for more computer science and engineering enrollments at the University of Washington, Washington State University and Western Washington University.

Improving the business climate and expanding our workforce

Implementing a one-stop portal for business
Senate Bill 5718 directs the Office of the Chief Information Officer — in collaboration with the Department of Revenue, Department of Labor and Industries, Secretary of State, Employment Security Department, Department of Commerce and Center for Regulatory Innovation and Assistance — to provide the Legislature with a plan for establishing performance benchmarks as well as for measuring the results of implementing a one-stop business portal by November 2013. This great idea for business and taxpayers passed unanimously.

Advancing Washington's aerospace leadership

Joint Center for Aerospace Technology Innovation

Not only do we want to be the place where the most technologically advanced airplanes in the world are built today, we want to be the place where tomorrow's advances in aerospace technology are developed, too. **HB 1866** will help ensure that Washington designs and builds airplanes for decades to come.

The legislation continues funding for the Joint Center for Aerospace Technology Innovation. This program was launched in 2012 as an outgrowth of the Project Pegasus/737 MAX report to recommend how to achieve greater collaboration between industry and Washington's research universities. The legislation also extends the sunset date for the center to 2021. The center helps support more than 1,200 aerospace-related businesses and associated jobs in our state.

Promoting Washington's aerospace industry

The 2013–15 operating budget includes \$200,000 for the Governor's Office of Aerospace to conduct analysis to develop and implement strategies to retain and expand aerospace jobs in the state.

Eliminating uncompetitive tax policies

Lawmakers approved **SB 5882**, which creates, expands and continues several tax preferences for a variety of taxpayers. The legislation included one of the Governor's priorities: leveling the aerospace business playing field between Washington and other states or countries by eliminating uncompetitive tax policies.

Under current tax laws, Washington is unable to compete in a multi-million dollar market for furnishing, repairing, maintaining and storing large, non-commercial aircraft. Given our strong aerospace industry, our state should stay a hub for this commerce. Yet our tax laws are pushing this economic activity to other states and countries.

Among other provisions, SB 5882:

- » Exempts non-resident-owned aircraft weighing more than 41,000 pounds (Boeing 737s and larger) from sales and use tax.
- » Exempts large aircraft in storage for no less than one calendar year from property tax.
- » Provides additional tax relief for the owners of such aircraft.

Clean energy, climate action and plentiful water

Reducing greenhouse gas emissions to protect the climate

Governor Inslee asked lawmakers to engage in a bipartisan discussion about how to tackle the issue of carbon pollution head on. We made a commitment to the people of Washington to shrink our carbon pollution to 1990 levels by 2020 and reduce emissions by 50 percent by 2050. **SB 5802** will help get us there.

The potential costs of climate change to Washington families, businesses and communities are projected to reach nearly \$10 billion per year by 2020 if we and others fail to control greenhouse gas pollution.

The Governor is convinced that our future should be fueled by cleaner energy and climate solutions. SB 5802 allows us to bring together a group of dedicated, smart people to recommend how we meet our goals to reduce greenhouse gas emissions. With their guidance and use of science-based solutions, we will create a brighter, cleaner future for our children and grandchildren.

Yakima River Basin water management

Governor Inslee's Yakima Basin jobs, water and fish bill — **SB 5367** — commits the state to implementing the integrated plan for managing water in the Yakima River Basin.

Over the past century, the Yakima Basin has experienced repeated droughts, water rationing and other water shortages that have had major impacts on salmon, crops and homes. These challenges are projected to worsen with the effects of climate change and declining snowpack.

The Yakima Integrated Plan spells out the actions we must take to face these challenges.

By implementing the plan, we will enhance stream flows for salmon, open passage above existing reservoirs to fish, provide all farmers with at least 70 percent of normal water supply in drought years, purchase lands in upper reaches for restoration of fish and wildlife habitat and for public recreation and secure water supplies for future municipal and domestic needs.

Consistent with the plan, the legislation provides for the creation of the Teanaway Community Forest Trust, securing long-term protection and public access to an estimated 46,000 acres and a top priority for forest conservation, fish recovery and recreation in the state.

Investing in clean energy

The 2013–15 capital budget includes \$40 million for the Governor's Clean Energy Fund, which will invest in clean energy technologies that save energy and cut energy costs, reduce harmful air emissions, increase energy independence and help create jobs. The fund will:

- » Help finance the use of proven energy efficiency and renewable energy technologies, including energy efficiency and solar installations on buildings, anaerobic digesters that treat dairy waste to produce electricity and renewable fuels, and combined heat and power projects that use woody biomass.
- » Help electrical utilities develop and use new technologies that cut the cost of integrating renewable energy — such as wind and other intermittent sources — into the electrical grid.
- » Support research and development of new energy storage and solar technologies at the public research institutions.
- » Help establish a federal manufacturing innovation center focused on the use of lightweight carbon fiber components to improve transportation efficiency.

The 2013–15 operating budget also provides \$6 million to the University of Washington to establish the Clean Energy Institute that will concentrate on next-generation technology for energy storage and solar energy.

Health care reform: healthy people, healthy economy

Medicaid expansion

By fully embracing the federal **Affordable Care Act**, the state captures more than \$350 million in savings during this biennium, even as we expand Medicaid to hundreds of thousands of newly eligible adults. Over the next two years, Medicaid expansion will bring \$1.2 billion in new federal funds to the state and create an estimated 10,282 jobs (health care and indirect).

Health Benefit Exchange

HB 1947 funds Washington’s Health Benefit Exchange after federal grant funding expires, with no net impact on the state General Fund. It also grants appropriation authority and oversight to the state and authorizes the State Auditor to conduct a performance audit. The exchange uses market forces to make health insurance more affordable and ensures people get the preventive health care they need.