

## 2024 Public Policy and Guiding Principles

The Wenatchee Valley Chamber of Commerce Public Policy and Guiding Principles are utilized as a guide to establish priorities and in communications with local, state, and federal elected officials and influencers in the community.

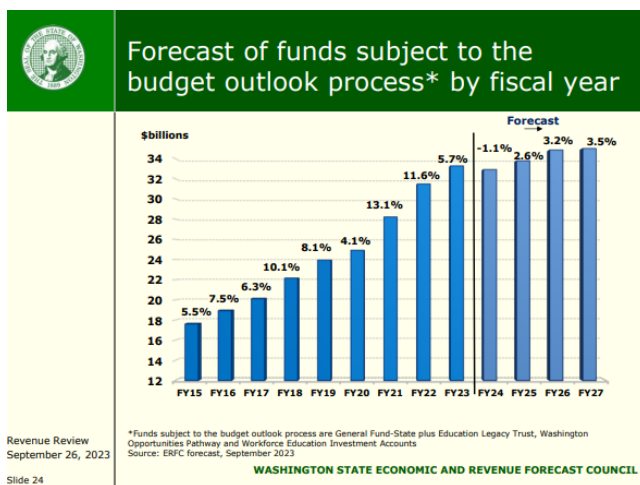
## TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
<u>STATE FISCAL</u>	<u>3</u>
<u>EMPLOYMENT COSTS</u>	<u>5</u>
<u>EDUCATION &amp; WORKFORCE DEVELOPMENT</u>	<u>7</u>
<u>TOURISM</u>	<u>8</u>
<u>TRANSPORTATION</u>	<u>9</u>
<u>REGULATORY</u>	<u>11</u>
<u>HOUSING</u>	<u>12</u>
<u>OUTDOOR RECREATION</u>	<u>15</u>
<u>FOREST HEALTH</u>	<u>16</u>

## State Fiscal

**Washington's Operating Budget** is funded through a variety of taxes, with more than 80% coming from the retail sales tax, business, and occupation (B&O) tax and state property tax. The Operating Budget funds the basic operations of state government, including K-12 education, health care, corrections, law enforcement and other state services. More than 53% of state expenditures are dedicated to K-12 education. About 60% of the state's budget is protected from reductions during times of lower than anticipated tax collections. Protected expenditures include K-12 education, debt retirement, Medicare, and corrections. However, under criteria used by the Office of Financial Management, additional health care and social service costs are protected from reduction. Accordingly, only 30% of the state operating budget is effectively subject to reductions during downturns in the economy.

Under Washington's Constitution, the Legislature and Governor must adopt and implement a balanced biennial budget by June 30<sup>th</sup> of odd number years. In even number years (e.g. – 2024), the Legislature convenes for 60 days to make any necessary adjustments to the two-year budgets adopted the previous year.

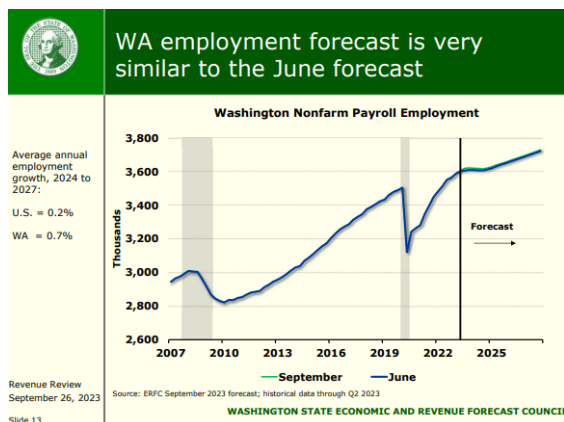


In 2023, the Legislature adopted a \$69.8 billion two-year plan, an increase of 8.8% over the previous biennium. The rate of growth, however, is much slower than the past two biennia. Significantly, the budget maintains \$3.6 billion in reserves and does not rely on any increases in taxes.

The September 2023 forecast shows that tax collection continues to surpass earlier forecasts. Collections remained strong during the pandemic, levelling off in 2023, but are again growing. As of September 2023, the Legislature can anticipate an additional \$663 million over the amount planned in their 2023-2025 budget.

The September forecast also predicts employment growth continuing into 2024 and beyond. The forecast suggests that the challenges employers have faced finding qualified workers may continue into the foreseeable future.

**Washington's Capital Budget** is funded through appropriations, various revolving fund proceeds and, recently, use of federal COVID relief funds. About 50% of the capital budget is funded from bonds authorized by the Legislature. The amount of bonds that the Legislature can authorize is determined by a formula based on state tax revenues and statutory debt limits. For 2023-25, the Legislature adopted a nearly \$9 billion capital budget. That budget only left \$95 million of bonding capacity available for the supplemental budget. Based on the limited bond capacity, the ability to add new projects and new costs in the supplemental budget would very limited.



**Carbon Auction Revenues:** The 2023-2025 budget appropriates funds generated from quarterly auctions of carbon credits that began in May 2023 under Washington’s Climate Commitment Act. The budget anticipated about \$1.7 billion in revenues from carbon auctions over the biennium, however, the results from the first three auctions suggest the state will receive about \$4.5 billion in revenues. Accordingly, in the 2024 session, Legislators will debate how to use \$2.5-\$3 billion of unanticipated carbon auction revenues. Under the Climate Commitment Act, carbon auction revenues are dedicated to transportation infrastructure that results in reduced carbon emissions (eg – transit, electrification of ferries, vehicles, etc.) and capital projects that will result in higher rates of carbon sequestration and/or reducing carbon emissions. Legislators, however, are under increasing pressure to return some of these unanticipated revenues to residents to partially offset the increase in fuel prices attributed to the carbon auctions.

### Guiding Principles:

The Chamber supports prioritizing use of the remaining American Rescue Act funds to assist in economic and business recovery, bolstering public health services, and support to local governments.

The Chamber supports replenishing state reserves and balancing spending within existing resources and income streams.

The Chamber opposes diverting local revenues that invest in economic recovery to fulfill other needs.

The Chamber opposes diverting local revenues that invest in economic recovery to fulfill other needs.

## Employment Costs

The Wenatchee Valley Chamber of Commerce represents public, private, and non-profit employers. WVCC members are keenly concerned with providing safe, healthy workplaces with affordable state benefits to assist employees in time of need. The State administers several programs that provide important benefits for all Washington workers. These programs, however, add greater employer costs. Programs include:

- **Washington’s Workers Compensation program** – Washington’s system of “no-fault” workers compensation insurance provides benefits to injured workers, including pension benefits for those who cannot return to work. Most employers pay workers compensation premiums based on their risk class and recent experience. Larger public and private employers have the option of self-insuring. Additionally, employers within an industry can form “retrospective rating” programs and potentially receive reduced premium rates subject to safety performance.
  - The Department of Labor and Industries (LNI) establishes annual premium rates for individual industries and administers claims and benefits. LNI also administers Washington’s Occupational Safety and Health program (WISHA) that establishes and enforces safety and health regulations covering Washington employers.
  - The Legislature is constantly exploring options to increase benefits, increase benefit eligibility, and/or add new safety program requirements.
- **Unemployment Insurance (UI)**– In situations where an employee loses their job due to downsizing or circumstances beyond their control, the employee is eligible to receive unemployment benefits to assist in their transition to a new position. The UI program is funded entirely by employers, who pay premiums based on their recent three years of experience.
  - The Employment Security Department (ESD) administers the UI program and sends quarterly statements to employers.
  - The Legislature is constantly exploring options to increase eligibility for benefits, increase benefits and ease restrictions on the use of benefits.
- **Paid Family and Medical Leave (PFML)** – Washington’s PFML program was enacted in 2017 following lengthy negotiations between business, labor, and other stakeholders. The program, which went into effect just prior to the pandemic, experienced much higher than anticipated usage during the pandemic, and was at risk of insolvency in 2021. The Legislature used federal COVID relief funds to ensure program solvency and provided more latitude on premium rates to regain long term stability.
  - Due to the pandemic, there is no data on “normal” usage expected of the program. Fortunately, the Legislature has depended on a business and labor stakeholder team to provide input on program adjustments, including rates, as it moves beyond pandemic driven claims.
  - The Legislature will undoubtedly continue to “tinker” with the PFML program until it stabilizes.

- **Long Term Care Trust (LTCT)** – After an 18-month delay, Washington’s LTCT program took effect in July 2023, when a new \$0.58% payroll tax on Washington workers began. The tax will fund the Long-Term Care Trust which is to provide up to \$36,500 in long term care benefits for eligible Washington workers. The program was delayed due to confusion over eligibility and concerns about the availability of private insurance. Both employers and employees across the state have been troubled by the prospect of paying into the program when they are already covered under either a private plan, or a plan offered by their employer.

### Guiding Principles

- The Chamber supports protecting the safety and well-being of all workers.
- The Chamber supports efficient and effective management of workers compensation and employee benefit programs administered by Washington State.
- The Chamber supports eliminating barriers on employers’ ability to hire employees.

## Education & Workforce Development

High-growth jobs will be higher-skill and higher-paying. We need to ensure our children are prepared to compete for and secure the jobs of the future. We need a strong local education system responsive to the needs of current and emerging businesses, and a business community positioned to help connect students to career opportunities. We need to work with education partners to cultivate future leaders in our region's top and emerging industries: agriculture, medical, tourism/hospitality, construction/trades, and technology. As the community recovers from the impacts of Covid 19, we need to recognize and partner with businesses to proactively address learning achievement gaps and lingering mental health concerns.

A thriving business community requires a robust and well-equipped workforce. Prior to COVID-19 there were employment opportunities going unfilled in the Wenatchee Valley because job seekers lacked the skills and qualifications necessary for employment. We need a way to retool our community to take jobs in industry sectors that are evolving. The need to provide learning opportunities which instill this work ethic and soft skills is growing and is essential for students, young adults, and adult workers. The soft skills needed include communication and interpersonal skills, emotional intelligence, leadership, teamwork, conflict resolution, time and stress management, business etiquette, customer service, and negotiation skills. The development of these skills is critical to having a strong, vibrant workforce.

### Guiding Principles

The Chamber supports programs, processes, and activities that promote a strong local education system which, together with businesses and the local community, prepares students for a productive role in the world.

The Chamber supports legislation and programs that provide career awareness, exploration, and experiences for students through partnerships with businesses, schools, and the community. As such, the Chamber will take an active role in championing discussions regarding resources and legislation supportive of workforce development.

The Chamber supports the availability of locally focused, post-secondary education, training for area residents and customized education services for area businesses.

The Chamber supports cost effective (or economically feasible) improvements and modernization of our school buildings, technology infrastructure, and grounds, including programs, processes, activities, and facilities that promote a strong local workforce which prepares young adults and adult workers for a productive role in the world.

The Chamber supports career training for a constantly evolving workforce, with needs driven by the business community. Responsiveness includes strong support for community involvement and resources for technical training.

The Chamber supports creative solutions to upskilling workers, including mentorship, professional development, apprenticeships, and internships.



## Tourism

Prior to COVID-19 tourism generated over \$400 million dollars a year in economic impact on our Valley and provided over 5,000 jobs in our county. Since 2013, the Chamber has been charged with elevating our Valley's tourism brand and the overall visitor experience. During this time, the Chamber emphasized the creation of an inclusive approach to tourism industry development by focusing on brand redevelopment, regional partnerships, toolkit development, public relations, local education/outreach, and crisis communication. Success has come from the support of many partners including government agencies, tourism industry leaders, business leaders, neighbor communities and private citizens. The Chamber, with their knowledge, guidance, and investment had been able to increase hotel occupancy year over year (except for COVID years), average daily rate year over year, and revenue per room rate year over year; and, perhaps more importantly, elevate the perception of the industry's value to our local, regional, and state economy.

Regionally tourism is our 4th largest industry segment and while our economy is not tourism dependent, it is enhanced with the additional revenues collected. Local tourism drivers include Ohme Gardens, Town Toyota Center, the Convention Center, Numerica Performing Art Center, Wenatchee Valley Museum & Cultural Center, and Pybus Market.

Though many industries have recovered from COVID, the tourism sector is still experiencing staffing shortages. The labor shortage is impacting the quality of services. To fully recover and sufficiently meet the increasing demand by locals and travelers alike, local governments, tourism businesses, and industry leaders must create successful strategies to address labor shortages, compression on local assets, and create sustainability.

In 2022, the WVCC worked to protect the use of local lodging tax receipts for local tourism promotion. Additionally, the WVCC worked with the Legislature and tourism stakeholders to include a \$12 million investment to establish and implement a state-wide tourism promotion program through [State of Washington Tourism \(stateofwatourism.com\)](https://stateofwatourism.com). The Legislature continued funding for the promotion program in the 2023 budget. Additionally, the Legislature granted authority for the region to consider adding a new Public Facilities District for development of a regional aquatics and sports facility.

### Guiding Principles

The Chamber supports the use of local lodging tax revenues to promote tourism in North Central Washington, and the ongoing investment in [State of Washington Tourism \(stateofwatourism.com\)](https://stateofwatourism.com) for that purpose.

The Chamber supports uniting tourism leaders and the community around strategies that address the changing environment of regional tourism.

The Chamber supports a holistic lodging portfolio for travelers that effectively addresses the opportunities and challenges that come from emerging accommodation options (e.g., additional hotels, VRBOs, and AirBnBs).

The Chamber supports activities that elevate seasonal activities, respond to traveler trends, and properly prepare for the evolving use of technology in travel.

The Chamber supports meaningful growth in the tourism industry that complements the quality of life in our valley and earns our community the reputation of being a respected, sought after, and influential tourism partner.

The Chamber supports a values-based tourism approach that stewards the physical and natural assets of the region for generations to come.



## Transportation

The Wenatchee Valley sits at the confluence of the Columbia and Wenatchee River valleys and is the junction of major highway systems including US 2 (running east-west through the State), US 97 (running north-south through the State) and SR 28 (connecting to I-90). The Wenatchee Valley is also host to a BNSF switchyard and crew change depot that connects BNSF's Columbia River Subdivision (Spokane-Wenatchee) with BNSF's Scenic Subdivision (Seattle-Wenatchee); and connects BNSF's lines to Cascade & Columbia River Railroad (Wenatchee to Oroville). These road and rail transportation lanes run directly through the business core of Wenatchee/East Wenatchee; and thus, have significant impact upon people and businesses.

This combination of highway and rail infrastructure creates a transportation choke point for traffic and freight running both North-South and East-West through North Central Washington.

The Wenatchee Valley's unique topography and road/rail/bridge infrastructure is causing mobility congestion which is expected to increase in the future absent new transportation infrastructure projects. New infrastructure projects will be initiated and funded with state and federal funds (augmented with local resources). The Chamber is interested in making sure that the projects chosen are optimal for the long-term economic health of the Valley and are funded equitably and appropriately.

The COVID-19 pandemic illustrated the volatility of Washington's transportation funding system. Gas tax revenues, which are dedicated to state highways and roads, declined dramatically, and are not expected to rebound to pre-pandemic levels as people shift to electric and hybrid vehicles. Recent fuel price increases are also expected to reduce fuel usage. Additionally, toll revenues, used for repaying bonds issued on major projects, declined during the pandemic.

In 2022, the Legislature adopted a sweeping \$16.9 billion, 16-year transportation package funded with revenues from Washington's newly enacted carbon cap and trade program, federal infrastructure funds, transfers of unexpected revenues from the General Fund, and increases in various licensing and permit fees, and increases in aviation fuel taxes. Notably, the funding package included no additional bonding authority or use of sales taxes on the sale of vehicles or trucks.

Significantly, the 2023 Transportation budget continues funding for existing projects, re-appropriates funding to WSDOT for alternative fueling stations, includes \$85 million for Confluence Parkway and commits \$5.5M for Washington Department of Transportation and the Joint Transportation Committee to engage an independent review team to analyze the impacts from shifting the movement of freight and goods by barge through the lower Snake River dams to highways and other roads, and rail.

### Guiding Principles

The Chamber supports transportation infrastructure projects in the Wenatchee Valley that improve movement of people and freight in a safe, efficient, and equitable manner.

The Chamber supports the process used by the Chelan-Douglas Transportation Authority to prioritize regional projects.

# WENATCHEE

CHAMBER OF COMMERCE

# VALLEY

The Chamber will review and analyze individual projects before determining its position on a specific project.

The Chamber will support transportation funding mechanisms that are broadly applied to all users and not specific user groups.

The Chamber supports transportation funding mechanisms that dedicate (100%) to transportation needs and include language that prevents transportation dollars being diverted to other uses.

The Chamber supports performance and accountability systems for transportation infrastructure plans to measure progress and results.

## Regulatory

Wenatchee area employers are increasingly burdened by new and often confusing regulatory requirements governing workforce, environment, health, and safety. Often, Wenatchee area employer concerns are not considered as regulations are developed by state agencies. Additionally, Wenatchee area employers often are not aware of potential changes or additions to regulations. Statewide emergency decrees during the COVID-19 pandemic reinforced the importance of a transparent regulatory system that enables employers to work with regulators in the development of workable and predictable approaches to issues requiring regulatory oversight.

Poorly designed regulations that are not communicated well affect employers across the region negatively by straining the relationship between employers and employees. Impacts include:

- Relationship between employers and employees.
- Time “away” from core functions to address confusing or conflicting regulatory demands.
- Increased conflict and litigation and cost of doing business.

## Guiding Principles

The Chamber supports activities that strengthen the information “pipeline” to Olympia from rural areas.

The Chamber supports building and maintaining strong relationships with regulatory agencies (local, state, and federal); Listen first, consider options, then advocate. Agencies are expected to adhere to the Administrative Procedures Act (APA) requirements to analyze the impacts of proposed rules on small and large businesses, and to select the least cost alternative to meet the policy goal for any proposed rule.

The Chamber supports standardized regulations that are clear, concise, and consistent that allow all businesses to operate.

The Chamber understands that economic vitality is crucial to the health and wellbeing of all people in the region, requiring the region to learn from, and adapt to emergencies such as the COVID-19 pandemic.

The Chamber supports decision making authority evolving to the local level to be supported by relevant data, information, and resources to assist individuals, businesses, and public health agencies.

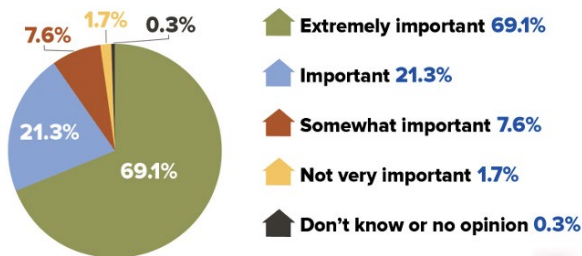
The Chamber supports robust community engagement that facilitates the region’s momentum, credibility, and commitment to resiliency.

## Housing

The need for workforce housing in our region in support of the expanding economy is growing. Regional employers are unable to fill job positions due to the lack of available housing in the community. Additionally, median home prices are outpacing wages making rent and homeownership out of reach for many residents. Our region must increase its housing supply and offerings to keep pace with workforce needs. Moreover, our region is experiencing an influx of relocating individuals from Western Washington, increasing competition and pricing for housing, exacerbating the challenges faced by people working in our region to find affordable options near their workplaces.

Housing availability has been a top priority identified in the Our Valley Our Future (OVOF) efforts. A 2022 OVOF Housing Solutions Survey emphasized that approximately 90% of survey respondents consider the high cost of housing and lack of affordable available housing to be either an “extremely important” or “important” issue for the community.

### How important is the issue of housing affordability and availability?

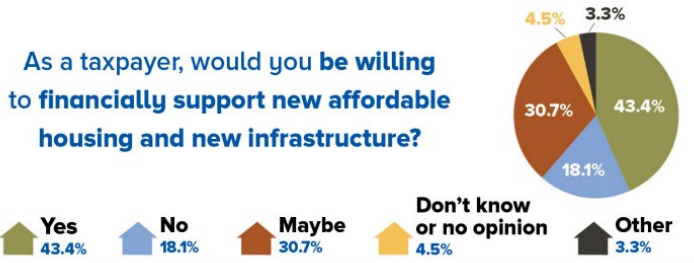


The high cost of housing and lack of affordable available housing is an obstacle many employers encounter to retaining a local workforce and recruiting new employees from outside the region. The responses to three survey questions illustrate the challenges that employers and their employees are facing:

- **Employee Base Relocation Risk:** The survey found 62% of the respondents have considered relocating to another city over the past two years, due to the high cost of housing and limited availability of affordable housing in the region.
- **Affordability of Housing:** 33% indicated they are spending more than 30% of household income on housing (30% is deemed “affordable”) and 14% are spending more than 40% of household income on housing.
- **Rental Affordability:** Among renters, 41% reported paying more than they could afford.

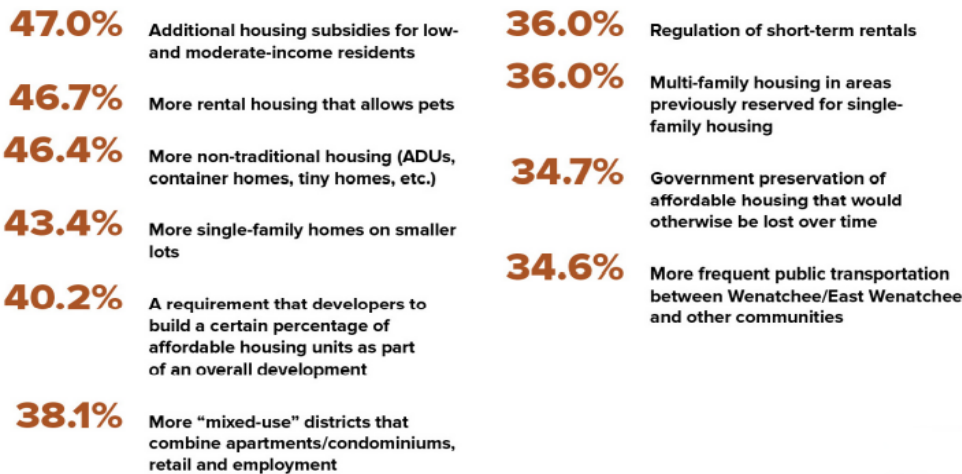
# WENATCHEE CHAMBER OF COMMERCE VALLEY

The OVOF survey also reveals that many residents are willing to invest taxpayer dollars in infrastructure to support new affordable housing and invest in new affordable housing.



Additionally, the survey reflects that taxpayers are willing to invest in a variety of options to decrease the cost of housing and increase the availability of housing in the region.

## Which of the following options do you support for your community?



In 2022, the WVCC worked with stakeholders in Chelan and Douglas Counties to pass legislation to authorize Counties to invest "0.09" economic development funds to support affordable housing in their communities. In 2023, the Legislature adopted several policy bills designed to ease permitting, SEPA review and legal risks for housing projects. Bills were also adopted to allow increased housing densities within cities, allow for accessory dwelling units and to encourage planned projects in rural areas. Finally, the Legislature appropriated more than \$700 million for affordable housing, the Housing Trust Fund and infrastructure investments.

Challenges with housing affordability and supply will take years to overcome, hence the House and Senate have each dedicated a policy committee to the issue in the past two biennia. The WVCC expects that housing supply and affordability will remain a top priority for legislators.

### Guiding Principles

The Chamber supports the development of middle-market housing as it provides the most significant housing opportunity for the area’s population.

The Chamber supports innovative housing types that promote density of development in areas where zoning will support this activity.

The Chamber supports development of uniform regulations across the region for land-use planning and development for the purpose of facilitating cohesive development.

The Chamber supports a moratorium on any additional building regulations that would increase the cost of housing.

The Chamber urges the Legislature to monitor the impacts of the 2023 investments and policy changes in order to make further improvements in future years.



## Outdoor Recreation

Outdoor activities contribute over \$480 million dollars annually to our regional economy. Over eighty percent of Chelan County is publicly owned. The various government agencies with oversight of these lands have different responsibilities, engagement levels and incentives to improve access and management of these natural resources. Federal and state decision making processes, combined with fiscal challenges, are major impediments to action on U.S. Forest Service (USFS) lands. While streamlining of the National Environmental Policy Act (NEPA) is underway for restoration projects, actual change requires strong vocal support within the region.

Outdoor recreation in the Wenatchee Valley continues to attract increasing numbers of full-time residents and tourists, especially given COVID-19 has driven people outdoors. Popular activities include hiking, skiing, bicycling, hunting, fishing, and off-highway vehicle use. These pursuits contribute millions to the health of the regional economy. A 2017 study of the outdoor economy in Chelan-Douglas Counties recognized the need for additional investment in the following to achieve Wenatchee Valley's economic potential: coordination (e.g., planning, and prioritizing recreation projects), infrastructure (e.g., trails and docks), information sources (e.g., signage and mapping), and amenities (lodging, facilities, pedestrian-friendly areas, goods, and services that complete the recreation 'experience').

### Guiding Principles

The Chamber supports partnering with the USFS on community development efforts that will increase access to recreation activities for both motorized and non-motorized user groups.

The Chamber supports development of infrastructure that will allow locals and area tourists to access public lands and prevents over-tourism that is detrimental to our natural assets.

The Chamber supports public and private initiatives designed to increase the attractiveness of the Wenatchee Valley outdoor experience and strengthen local business and employment that serves the outdoor recreation industry.

The Chamber supports collaboration among private and public landowners, land managers, and recreational user groups to create a coordinated comprehensive plan for recreation that improves access and sustainability of recreational lands.

The Chamber supports the development of a coordinated educational program for safe recreation in our region.

The Chamber supports the development of outdoor recreational events that highlight the region's natural assets and provide value to the greater community.

## Forest Health

Wildfires are increasingly impacting citizens, outdoor activities, and human health in Central Washington. Unfortunately, the failure to manage fuel loading on publicly owned lands has created heightened risk across the region. Over eighty percent of Chelan County is publicly owned, and forests on these lands are unhealthy and susceptible to wildfire. The various government agencies with oversight of these lands have different responsibilities, engagement levels and incentives to find solutions. The level of current activity by these agencies is insufficient to reverse this trend of wildfire devastation. Federal decision-making processes, combined with fiscal challenges, are major impediments to action on U.S. Forest Service (USFS) lands. While streamlining of the National Environmental Policy Act (NEPA) is underway for restoration projects, actual change requires regional vocal strong support.

In 2021, the Legislature enacted sweeping legislation prioritizing and authorizing the Department of Natural Resources to increase state efforts to control and suppress wildfires, accelerate forest health treatments on lands managed by the Dept. of Natural Resources, and provide resources for forest health treatments on small forest landowner properties. The legislation also specifies actions to encourage and boost cooperative efforts to treat high risk lands owned by the U.S. Forest Service. By all measures, the DNR efforts have proven successful, and the Legislature provided ongoing financial support in the 2023-25 budgets. Moreover, the Okanogan-Wenatchee has been funded to implement a multi-year plan, called the Central Washington Initiative, to treat 2.45 million acres of federal, state, tribal and other lands from Winthrop to Naches, WA and takes an all hands, all lands approach to address the wildfire crisis on this landscape.

### Guiding Principles

The Chamber supports exploring changes to Air Quality regulations at the state level to allow for more prescribed burns for the purpose of improving forest health and decrease the fuel for mega wildfires.

The Chamber supports partnering with the USFS on community development efforts that will increase the health of our area forests, provide job opportunities, and support stewardship of public lands while allowing for both motorized and non-motorized recreation opportunities.

The Chamber supports development of infrastructure that will allow the forest industry to re-establish in North Central Washington.

The Chamber supports joint planning and coordination among public and private landowners and managers in Chelan and Douglas Counties.