



Port of Walla Walla

Economic Development Information Meeting

Ken Short | September 22, 2026



Association of Washington Business

- Washington's statewide chamber of commerce and manufacturers association
- Represents employers, industries and communities across all 39 counties
- Brings together employers, local chambers and community leaders to help shape Washington's future
- Leads long-term statewide initiatives like Washington in the Making 2040



State of the Economy

Washington employers say business climate is getting worse



Posted Friday, November 14, 2025 12:39 pm

By The Chronicle staff

Washington employers say business climate is getting worse

By The Chronicle staff

A new survey of Washington employers shows that rising costs, tax policy, and the growing phenomenon of residents and employers quietly reducing their footprint in the state. The conversation underscored near-term risks to Washington's competitiveness and urged constructive engagement with lawmakers — an issue with direct implications for Bellevue's business climate and talent pipeline.

Is Washington at a 'tipping point' for businesses?

By Jacqueline Allison February 13, 2026

New survey data and real-world stories point to a growing trend: more Washington businesses are looking to leave the state, largely driven by rising taxes.

AWB's [winter employer survey](#) found 4 in 10 business leaders are considering moving their personal residence to states such as Arizona, Idaho, Montana or Wyoming.

"Forty-four percent of employers statewide are contemplating moving their residence," [AWB President Kris Johnson said in an interview](#) with KHQ news anchor Sean Owsley this week. "That's a big number."



Quiet Quitting Washington: Business leaders warn of tipping point, outline fixes

October 8, 2025

in Events, Thought Leadership

During the "Quiet Quitting: The Silent Exit from Washington," session of ELC 2025, local leaders discussed rising costs, tax policy, and the growing phenomenon of residents and employers quietly reducing their footprint in the state. The conversation underscored near-term risks to Washington's competitiveness and urged constructive engagement with lawmakers — an issue with direct implications for Bellevue's business climate and talent pipeline.



Dean Deutz (RBC Wealth Management)

Economic reports show Washington state failing the test

Mar 6, 2026, 6:02 AM



Washington business climate hits record low in 2026. (Photo: Julia Dallas, MyNorthwest)

BY SAM CARDWELL, SPECIAL CONTRIBUTOR

Seattle Red



Washington state received troubling news from a recently published economic report. The [2026 Competitiveness Redbook](#), a study conducted by Washington Alliance for a Competitive Economy, found that the state's business climate is in alarmingly poor shape.

Quarterly employment change, seasonally adjusted.
March 2026-June 2026

Industry	Employment change
Total nonfarm	11,100
Leisure and hospitality	7,100
Government	3,600
Financial activities	2,400
Manufacturing	1,600
Private education and health services	1,100
Other services	1,100
Transportation, warehousing and utilities	800
Information	800
Mining and logging	-100
Construction	-400
Wholesale trade	-600
Retail trade	-1,000
Professional and business services	-5,300



State Economy

- Job growth up in Q2, but revised down for the year
- Unemployment slowly trending up over past two years - 5.2% in June
- Labor participation rate 62.3%, down from peak of 64.2% in May 2023

MYNORTHWEST POLITICS

'Unthinkable' shift: How WA Democrats moved left enough to pass the state's first income tax

Mar 12, 2026, 10:42 AM | Updated: 3:36 pm



In this aerial view from a drone, the Washington State Capitol is seen. (Photo: David Ryder, Getty Images)

BY MANDA FACTOR

Host, Seattle's Morning News



Washington lawmakers made history this session by passing the state's first-ever income tax, capping off a legislative session marked by marathon debates and a notable leftward shift among the Democratic majority.

The state Senate gave final approval Wednesday to the so-called "millionaires tax," which imposes a 9.9% tax on income exceeding \$1 million annually. Governor Bob Ferguson has indicated he will sign the measure into law.



Seismic Shift

- 2026 will be remembered as the year Washington adopted an income tax
- Removes one of our relatively few competitive advantages
- Purported to be a tax on millionaires but will hit business

Employers remain pessimistic about WA's economy in latest survey

AWB 

Now
Available

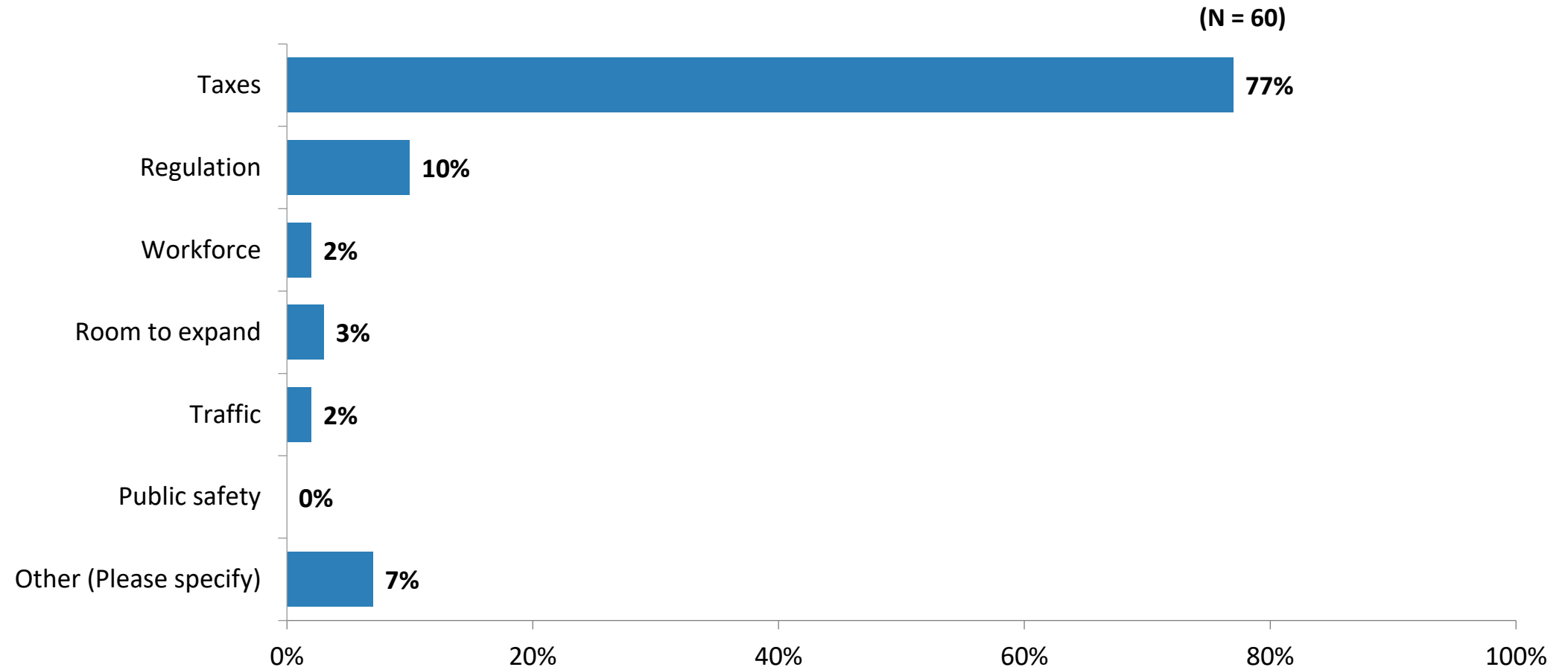
New Data
Summer 2026



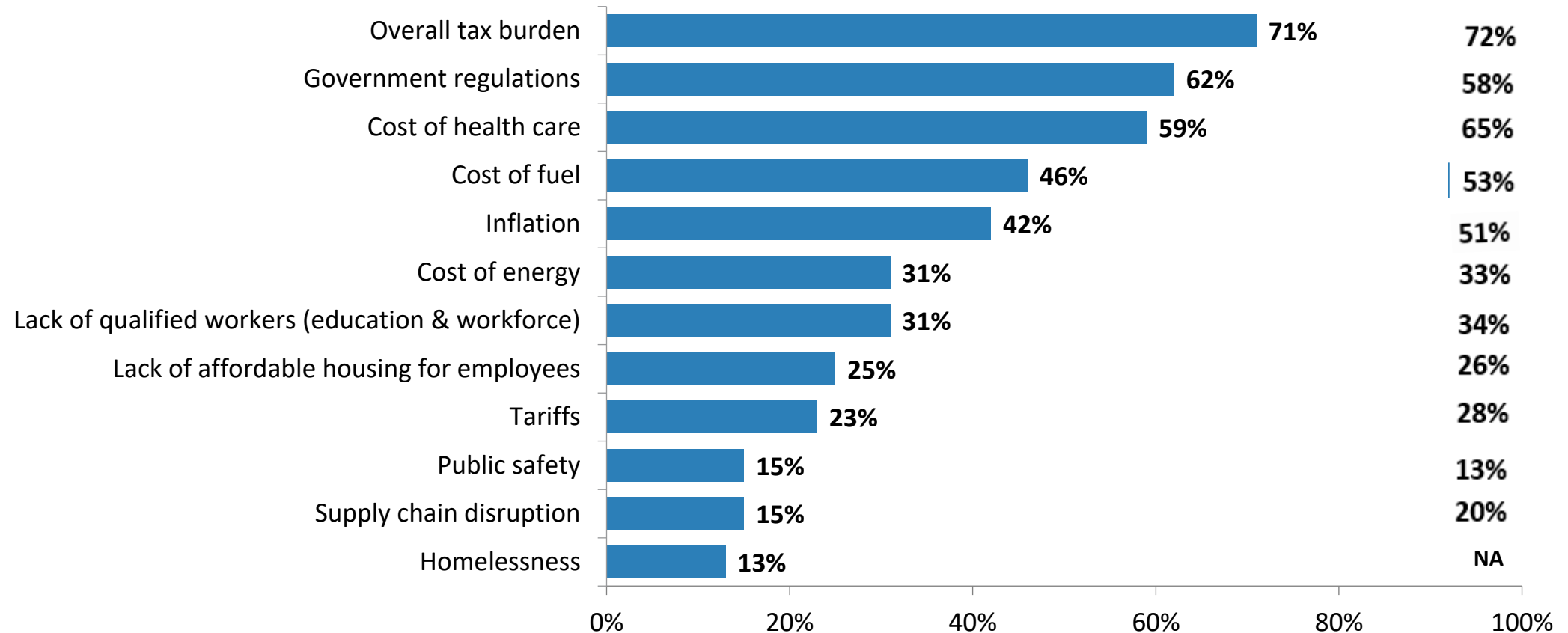
Summer Employer Survey

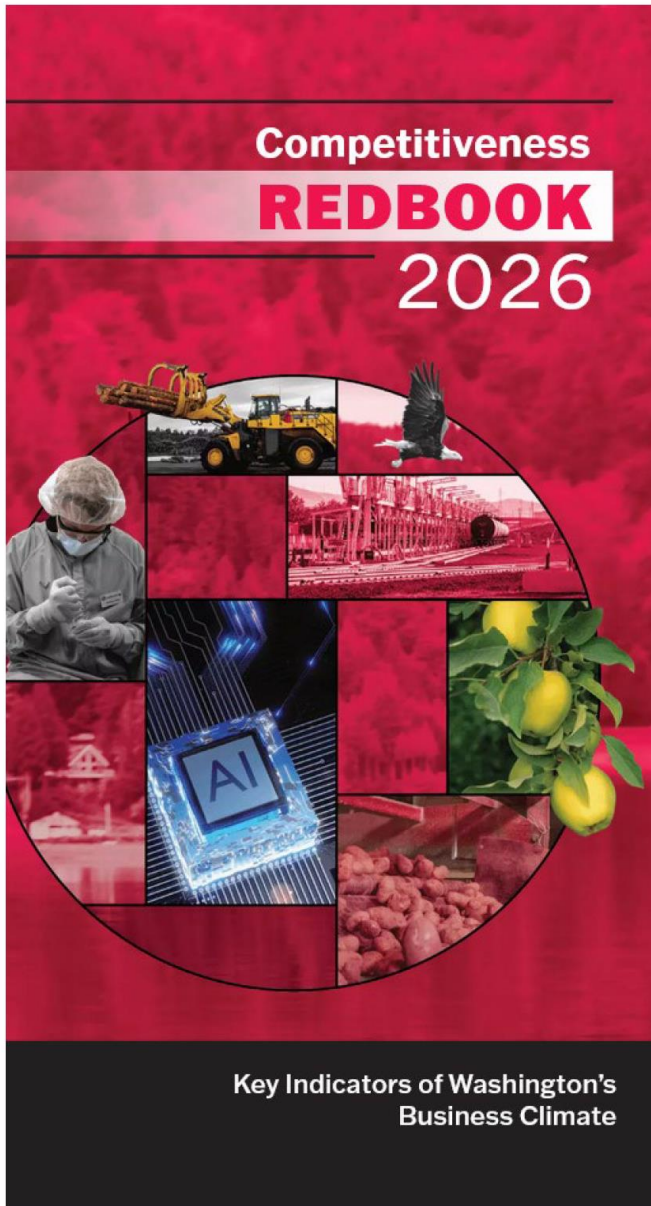
- Nearly 4 in 10 (38%) rate Washington's economy as weak or very weak, up from 26% last summer
- One-third (33%) plan to expand in another state or country, compared to 14% planning to expand in Washington
- 16% planning to relocate, down from the previous quarter but up from 11% last summer

What is the primary reason you are planning to relocate your business?



In your opinion, what are the most important challenges facing your business today?





Competitiveness Eroding

- Slowing job growth
- 45th for tax competitiveness
- 48th for cost of doing business
- Most expensive workers' comp
- Most expensive unemployment insurance
- Highest minimum wage
- Low-cost electricity slipping
 - Industrial – 7 (No. 1 five years ago)
 - Residential – 5 (No. 1 five years ago)

Table 1. Regulatory Restrictions by State

RANK	STATE	2023 TOTAL REG RESTRICTIONS
1st	California	420,434
2nd	New York	300,095
3rd	New Jersey	296,926
4th	Illinois	282,040
5th	Texas	274,469
6th	Ohio	246,033
7th	Oregon	223,579
8th	Washington	201,634
9th	Massachusetts	182,758
10th	Louisiana	180,858

Source: [1]

Regulatory Impact Summary

Every 10% increase in the burden of federal regulations in the state of Washington is associated with the following unintended consequences [10, 11]:

↓ -0.5%

Annual Decrease of
Number of Firms

↓ -0.6%

Annual Decrease
of Employment

↓ -825

Annual Reduction in
Number of Small
Businesses

↓ -33

Annual Reduction in
Number of Large
Firms

↑ +2.5%

Increase in State's
Poverty Rate

↑ +1%

Increase in
Consumer Prices

↑ +2.08%

Higher Inflation for
the Wealthiest

↑ +2.46%

Higher Inflation for
the Poorest



Cost of Regulation

- Commissioned study
- #8 most regulated state in the U.S.
- 202K state regulatory restrictions
- 1.3M total restrictions including federal

Leaders call for predictability and stability at economic summit



Michael Senske of Pearson Packaging Systems participates in a panel with Joe Nguyễn of the Seattle Metropolitan Chamber of Commerce, Kevin Wallace of Wallace Properties, and Nathaniel Dick of TigerStop.

Economic Future Solutions Summit

- Second Solutions Summit since launch of Washington in the Making 2040
- July 16
- SeaTac Hilton Hotel
- Focus: Business climate

“I think spending is out of control in Olympia. They need much more discipline.” – Gov. Gary Locke



Charting a path forward

- Report released this week
- Focuses on tax and regulatory policy
 - Sustainable spending
 - Measure results
 - Streamline regulations

New state council takes on economic growth in Washington



Gov. Bob Ferguson's new Economic Development Council met for the first time on Aug. 19. (Photo from the governor's office)



Governor's Economic Development Council

- 26-member council
- First group of its kind in 20 years
- Tasked with developing a statewide economic development strategy
- Due: June 2027

Thank you



PO Box 658 / Olympia, WA 98507-0658 / 1414 Cherry St. SE / Olympia, WA 98501
360.943.1600 / kens@awb.org / Awb.org