



## **AWB PUBLIC POLICY PRINCIPLES**

*The Association of Washington Business will propose, review, and evaluate all public policy proposals based upon the following principles:*

1. Public policy should promote a healthy, free-market and globally competitive business climate that allows the private sector to prosper and expand without inference from non-private sector entities that directly compete with private enterprise.
2. Public policy should be developed and adopted in a responsive public process with the opportunity for the full participation of Washington's citizens.
3. Public policy should be founded upon an analysis of the societal benefits weighed against the cumulative societal costs -- both public and private, direct and indirect.
4. Public policy should provide consistent and appropriate mitigation for those segments of the business community that incur a demonstrated adverse impact as a result of the policy's adoption.
5. Public policy should achieve stated and measurable objectives, which can be verified through a legitimate evaluation and accountability system that also provides ongoing feedback to the implementing agency regarding the effectiveness of the policy.
6. Public policy should address a demonstrated need supported by documented evidence and, where appropriate, proven scientific methodologies.
7. Public policy should provide for market-based incentives to achieve beneficial results.
8. Public policy should be implemented by a functional government that serves the people of the state in a timely, cost-effective, and efficient manner.
9. Public policy should establish clear and achievable requirements and legal tests that minimize the necessity for regulatory interpretation.
10. Public policy should ensure that state and local laws and regulations are integrated and simplified in order to avoid duplicative or inconsistent requirements or mechanisms.
11. Public policy should be consistent with federal law and regulations and deviate from federal standards only where there is a demonstrated, compelling need.
12. Public policy should support government innovation, competition, and flexibility to implement the most cost-effective and efficient means to deliver public services.
13. Public policy should maximize and prioritize the efficient use of public and private resources to achieve measurable public benefits.

14. Public policy should ensure that stakeholder committees and councils are representative of the types of business impacted by the public policy and selected by legitimate stakeholder organizations.
15. Public policy should, where appropriate, provide for predictable and fair sanctions with reasonable statutes of limitations and establish practical enforcement techniques with swift administrative resolution that avoids litigation.
16. Public policy should limit civil penalties to economic restitution or specific fines with appropriate ceilings and restrict criminal sanctions to individual acts involving criminal intent.
17. Public policy should contain implementation dates that allow adequate time to educate impacted entities and are consistent with other applicable regulatory or contractual time periods.

***Approved by GAC on August 29, 2002***  
***Approved by Executive Committee on September 6, 2002***  
***Approved by Board of Directors on September 27, 2002***

## TAX AND FISCAL POLICY PRINCIPLES

*The Association of Washington Business will propose, review, and evaluate tax and fiscal policies based upon applicable Public Policy Principles and the following principles:*

### Revenue System\* Principles

1. Recognizing that differing options may be warranted, the revenue system should function as an integrated, rational system at all governmental levels.

Each aspect of the revenue system must be comprehensively evaluated to ensure that incremental actions do not result in inconsistent or conflicting revenue system policies. The state should only authorize revenue policies at the local level that do not undermine the stability of the revenue system as a whole.

2. The revenue system should be broadly based with the lowest possible rates that are consistent with the encouragement of economic expansion and private sector job creation.

Normal fluctuations and shifts in the state's economy have a less significant impact on revenue production if the revenue system is levied over broad-based sources. Because every tax is a cost, low rates tend to minimize the extent to which a tax affects individual or business action or inaction.

3. The revenue system must be accountable to the persons or entities burdened by or benefiting from any revenue system modification.

Alteration or modification of the revenue system should occur in a clear and overt manner. Persons or entities who will be burdened by or benefit from such actions must: (1) be provided understandable written statements explaining any proposed changes and their consequences; and (2) be given ample opportunity to express their opinions and, ideally, to vote on such proposals. Covert or automatic modifications must be avoided.

4. The revenue system should be simple, straightforward and easily understandable in order to foster voluntary compliance and to minimize administrative costs of compliance.

The revenue system should avoid burdensome compliance requirements, complex forms and ambiguous statutory provisions. Current revenue system provisions and proposals for modification must be analyzed to achieve increased clarity and ease of compliance.

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\* For the purposes of this document, the term "revenue system" means all state and local taxes, user fees, and other revenue generating mechanisms used to finance state and local government operations.

5. The revenue system should be administered equitably, efficiently, uniformly and professionally.

All taxpayers should be treated with dignity and respect and should receive timely, fair, and equitable treatment. Provisions of the revenue system whose administrative costs outweigh purported benefits should be eliminated.

6. The revenue system should produce revenues in a stable manner over representative economic cycles.

While some instability in the revenue system due to natural economic cycles is unavoidable, the revenue system should attempt to achieve relative stability. Revenues should be based on sources that tend to be elastic over representative economic cycles and should not fluctuate greater or less than the economy as a whole.

7. The revenue system, when it is based on insurance principles, should rely on actuarially sound insurance practices and experience-based structures with enhanced audit and oversight protections built in to the system.

8. The revenue system should provide for distribution of liabilities between individuals and enterprises to ensure that the responsibility to fund societal needs does not fall disproportionately upon one group over another.

9. The revenue system should be reasonably predictable in order to allow taxpayers to establish long-range fiscal plans without being burdened by continuous adjustment or changes in revenue system rates and bases.

10. The revenue system should, through the use of tax-based economic and job development incentives, encourage and promote economic expansion and private sector job creation.

11. The revenue system should not place businesses -- whether wholly within Washington or in interstate commerce -- at a competitive disadvantage.

12. The revenue system should avoid the generation of any revenue that is dedicated/earmarked to fund a purpose unrelated to the activity taxed.

13. The revenue system should make every effort to mitigate or reduce any involuntary compliance-related cost burdens on business.

14. The revenue system should avoid changes in revenue system rates merely by way of artificial triggers or adjustments.

## **Property Tax System Principles**

*In addition to the general application of the Revenue System Principles, the following principles will be applied when proposing, reviewing, and evaluating property tax policies:*

1. The property tax system should continue to preserve the "100% of market value" principle in valuing property.
2. The property tax system must adhere to the constitutional requirement that similarly situated properties be valued in a uniform and equitable manner.
3. The property tax system should be clear in order to allow each taxpayer to understand the relationship between a property's fair market value and assessed value and each taxpayer must be able to easily relate voter-approved levies to property tax bills.
4. The property tax system should be based on annual revaluation cycles coupled with periodic physical inspections.

### **User Fee Principles**

*The Association of Washington Business believes that user fees have become a long-standing method of funding certain governmental activities under a pay-as-you-go philosophy. Therefore, the following principles will be applied when proposing, reviewing, and evaluating user fee policies in those situations in which user fees are a viable alternative:*

1. User fees should be considered as a part of the entire revenue system as expressed in Revenue System Principle number one.
2. User fees should not be used for programs or services that generally benefit the citizenry as a whole or that are a basic service that should be provided through general funding.
3. User fees should be levied fairly and equitably and properly account for the benefit received by each user.
4. User fees should be accountable to the persons who will be burdened by the costs of the fee and its administration.

### **Fiscal Policy Principles**

*The Association of Washington Business believes that certain, fiscally responsible principles must apply when reviewing the funds and accounts that provide general services to the people of Washington. Without sound fiscal policies, these funds and accounts could become prone to boom and bust cycles that are bad not only for the general tax climate because of resultant tax increase pressures, but also for the stability of the provision of services should reductions become necessary. Above all, these funds and accounts should be based on revenue levels that can be sustained over time. The following fiscal policy principles are suggested when proposing, reviewing, and evaluating policies with regard to these funds and accounts:*

1. Fiscal policy should ensure that the state's expenditure limits and other constitutional and statutory fiscal constraints are strictly observed and that efforts to circumvent the spirit and intent of such limits or constraints are avoided.

2. Fiscal policy should avoid the use of “one time” revenues to fund ongoing public services or public policies.
3. Fiscal policy should require that expenditures of state resources be developed through a "performance-based" concept that requires justification of program/policy effectiveness and results in prioritization at each governmental level during the budget cycle.
4. Fiscal policy should provide for the establishment of a “current resources” process whereby programs and policies are legislated and funded within the context of available resources rather than automatically carrying forward current levels.
5. Fiscal policy should ensure new programs or public policies include a sunset review overseen by directly impacted stakeholders to periodically assess the efficacy of the program or policy’s result and, whenever possible, use pilot programs to test programs or policies prior to full-scale implementation.
6. Fiscal policy should encourage and promote new, innovative ways to deliver public services, especially through free-market competitive strategies, such as contracting out certain government services, privatizing certain governmental functions, and use of public/private partnerships.
7. Fiscal policy should compel new programs, new policies or program enhancements, including salary and benefit enhancements, to be funded at their full biennial cost regardless of implementation date.
8. Fiscal policy should provide that expenditures of state resources be set at a percentage of the amount of forecasted revenues, with the remainder transferred into a reserve fund or budget stabilization account.
9. Fiscal policy should demand the establishment and maintenance of a fiscally sound reserve fund equal to five percent of biennial revenues to buffer the effects of severe economic downturns or fiscal emergencies.
10. Fiscal policy should adhere to the philosophy that state programs or services that benefit the public, as a whole, must be paid for by a revenue source that represents the broadest base of public participation.

## **Transportation and Other Capital-Related Fiscal Policy Principles**

*The Association of Washington Business believes that there are unique fiscal policy issues pertaining to budgets that provide for investment in transportation and other capital infrastructure such as water, sewer and stormwater systems. Therefore, the following principles are suggested when proposing, reviewing, and evaluating policies with regard to the state’s investments in transportation and other capital infrastructure:*

1. Transportation and other capital investment decisions at all governmental levels should be tied to clear goals and specific results and measurable standards for performance and cost-effectiveness should be established so that accountability reports can be made regularly.

2. Transportation and other capital investments should be rigorously analyzed to ensure that they are targeted to the most severe problems and where impacts can be most immediate.
3. Transportation and other capital investment decisions should encourage and promote new, innovative ways to deliver capital projects, especially through free-market competitive strategies, such as contracting out, privatizing certain capital assets, and use of public/private partnerships.
4. Because transportation and other capital investments are specifically designed to provide long-term benefit to the citizenry, it is appropriate that governments at all levels make use of long-term financing tools to pay for investments throughout their entire useful life.
5. Transportation and other capital investments should be coordinated at all levels so that duplication of effort is minimized and administrative oversight should be streamlined to maximize the wise use of financial resources.

## **HUMAN RESOURCES POLICY PRINCIPLES**

*The Association of Washington Business will propose, review, and evaluate human resource policies based upon applicable Public Policy Principles, Tax and Fiscal Policy Principles, and the following principles:*

1. Human resource policy should require that the net labor market outcome of any policy or program is consistent with the objective of the policy or program and ensure that appropriate accountability measures are included to determine the effectiveness of the policy or program.
2. Human resource policy should avoid the establishment of mandated benefits or any similar requirements that would undermine flexibility in the workplace or increase labor costs beyond any legitimate benefit or justification.
3. Human resource policy should prohibit discrimination based on immutable human characteristics provided that there are clear legal standards enforced within a system of legal remedies that encourages swift and certain resolution of complaints with full recovery of reasonably foreseeable damages.
4. Except in the area of discrimination based on immutable human characteristics and workplace safety, human resource policy should not materially interfere with the ability of workers and employers to determine their own conditions of employment or undermine the employment-at-will doctrine.
5. Human resource policy that regulates the workplace relationship should be balanced to emphasize employee responsibilities as well as employer obligations.
6. Human resource policy should preempt local jurisdictions from adopting requirements that are inconsistent with or duplicative of state or federal requirements.

## **Unemployment Insurance System Principles**

*In addition to the general application of the Human Resource Principles, the following principles will be applied when proposing, reviewing, and evaluating unemployment insurance system policies:*

1. The unemployment insurance system should only provide for the temporary and partial continuance of income based upon past wages to those workers who become unemployed through no fault of their own, who remain able and available to work, and are actively seeking employment.
2. The unemployment insurance system should not use employer resources to fund unemployment insurance benefits for non-employer-related separations or to provide benefits beyond a basic level.

3. The unemployment insurance system should encourage employer incentives to stabilize employment and promote fiscally adequate agency administrative resources.
4. The unemployment insurance system must comply with all federal conformity requirements and severability clauses should be utilized to avoid non-conformity.

### **Workers' Compensation System Principles**

*In addition to the general application of the Human Resource Principles, the following principles will be applied when proposing, reviewing, and evaluating workers' compensation system policies:*

1. The workers' compensation system should only provide limited, but certain relief for workers, injured in their work, and their families and dependents, regardless of questions of fault and to the exclusion of every other remedy.
2. The workers' compensation system should be reserved for injuries and diseases that the best medical science demonstrates are proximately caused in the individual's workplace.
3. In addition to providing relief for injured workers, the workers' compensation system should only establish policies or fund programs that directly prevent accidents and occupational diseases, are outcome based, and reasonably achievable.

### **Health Care System Principles**

*Approved by the AWB GAC September 19, 2008*

*In addition to the general application of the Human Resource Principles, the following principles will be applied when proposing, reviewing, and evaluating health care system policies:*

1. Ensure access to affordable, quality, effective and timely care for all citizens through an essentially pluralistic, competitive, private sector delivery and purchasing system.
2. Choice of Coverage/Financing Options: Promote the development of health insurance policies and financing mechanisms that more directly meet the needs of employers; increase choice in the variety and availability of health coverage options; and encourage innovation to control costs and health care spending.
3. Affordability and Cost Containment: Focus on the affordability of health care coverage by evaluating those areas within the system that unnecessarily inflate costs, avoiding additional government requirements that increase premium costs beyond any legitimate benefit or justification to the employer or employee, protecting the market's ability to control costs, and promoting innovation of more cost-effective, high quality delivery mechanisms.
4. Sustainability: Encourage private sector, market-based solutions that increase and sustain access to and adequate reimbursement for health care coverage and delivery of care.

5. **Safety Net:** Ensure state and federal health care programs providing coverage to individuals unable to participate in the private market, provide realistic and adequate coverage and are fully and adequately funded through broad-based resources in order to eliminate the cost-shifting burden within the health care system.
  
6. **Empower Consumers:** Increase the quality of service delivery through system innovations that: provide individuals with the information necessary to take a more active role and increase personal responsibility for health care choices and payment of services; promote wellness and prevention; and increase the quality of service delivery.
  
7. **Protect the Private Market:** Promote private sector competition and free market delivery and payment for health care services and oppose government programs that unfairly compete with private sector businesses. Oppose mandates that require employers and individuals to purchase coverage or add to the cost of coverage.

## ENVIRONMENTAL POLICY PRINCIPLES

*The Association of Washington Business will propose, review, and evaluate environmental policies based upon applicable Public Policy Principles, Tax and Fiscal Policy Principles, and the following principles:*

1. Environmental policy should set transparent goals defining desired environmental outcomes and give businesses flexibility in determining how to achieve those outcomes.
2. Environmental policy should move towards market-based incentives rather than traditional, direct, command-and-control, prescriptive requirements to achieve environmental performance.
3. Environmental policy should focus on defining, measuring and rewarding environmental results and reorient core regulatory functions so they are driven by performance goals and not regulatory compliance.
4. Environmental policy must not impair property rights in land or water without full and fair compensation.
5. Environmental policy should provide specific timelines for decisions and determinations by government agencies.
6. Environmental policy should be applied consistently to both public and private entities.
7. Environmental policy should adequately address the impact of multiple “non-point” environmental stressors that present vastly different challenges from traditional “point sources.”
8. Environmental policy should require integrated, risk assessment strategies that draw on a range of disciplines, including science, technology, economics and public policy.
9. Environmental policy should strengthen the autonomy and credibility of scientific assessments and insulate these assessments from the policymaking process.
10. Environmental policy should encourage government agencies to develop high-quality economic analysis of globally competitive markets, consumer behavior, risk preferences, and technology trends to achieve environmental goals that maximize benefits while minimizing costs.
11. Environmental policy should minimize negative impacts on any segment of the business community over another, and recognize the variable burdens on small businesses.
12. Environmental policy should ensure that environmental concerns are addressed at the level of government that corresponds most closely to the boundaries of the problem at hand.
13. Environmental policy should allocate government resources to achieve the greatest benefits and address the greatest risks.
14. Environmental policy should distribute the costs of environmental protection and compliance among those who contribute to the problems.

## Energy Policy Principles

*Revised & Approved by Energy Committee August 1, 2008*

*In addition to the general application of the Environmental Principles, the following principles will be applied when proposing, reviewing, and evaluating energy policies:*

1. Energy policy should reflect all current and future energy supply needs of the region and should account for the differing energy needs of various business and residential energy users.
2. Energy policy should be both technology and fuel neutral with respect to energy supply and avoid establishing favored energy sources.
3. Energy policy should, in cooperation with utilities, manufacturing, business and consumer groups, continue to encourage conservation of all sources of energy including incentives for energy efficient investments and waste energy recovery.
4. Energy policy should ensure the development of a reliable and abundant supply of affordable energy and promote clear and predictable state policies that enhance rather than impede the development of additional energy sources.
5. Energy policy should provide incentives to enhance the performance of existing generation, including combined heat and power generation.
6. Energy policy should affirmatively facilitate the siting and development of transmission and transportation infrastructure that is essential to accommodate economic growth.
7. Energy policy should recognize hydro power as a renewable resource and protect the Northwest's hydropower system in order to preserve its low-cost, reliable attributes. Energy policy should emphasize the preservation of existing hydropower assets, including the Snake River Dams, expansion of generation capacity at existing hydropower facilities, addition of generation capability at presently non-generating impoundments, and creation of generation potential at new water storage facilities.
9. Energy policy should provide for a stable regulatory climate to encourage investment in generation, production, manufacturing, transmission and transportation of resources necessary to sustain economic development.
10. Energy policy should rely on real market forces to deliver all forms of alternative and renewable energy as it becomes cost-effective and should provide incentives, not mandates, for its creation, production and use.
11. Energy policy should remove regulatory barriers and promote voluntary programs to accelerate alternative energy creation, production and use.
12. Energy policy should recognize the efficiency of using thermal energy in cogeneration and through distribution for heating and cooling applications.

13. Energy policy should not impose price caps or price controls on petroleum products or natural gas, nor restrict the use of these commodities in viable applications.

14. Energy policy should promote and expand refining capacity and other measures, including exploration and drilling for all domestic reserves of oil and natural gas, and to enhance the supply, storage and transportation of oil and natural gas.

### **Land Use System Principles**

*Approved by Land Use Committee August 13, 2008*

*In addition to the general application of the Environmental Principles, the following principles will be applied when proposing, reviewing, and evaluating land use policies:*

1. Land use policy should provide for streamlining of the permit review process to remove unnecessary delays and provide certainty and predictability in project review and approval.
2. Land use policy should require local governments to provide sufficient land for growth and development within Urban Growth Areas and avoid the net loss of buildable land due to restrictions on development. Such buildable land should accommodate a variety of needs and choices, including single and multi-family housing, as well as commercial and industrial use.
3. Land use policy should incorporate a system of performance measures to gauge whether jurisdictions are achieving housing and economic development goals and require accountability for the timely processing of permits.
4. Land use planning policies should encourage economic development and employment opportunities.

### **WATER RESOURCE PRINCIPLES**

*Approved by Water Resources Committee August 18, 2008*

*In addition to the general application of the Environmental Principles, the following principles will be applied when proposing, reviewing, and evaluating water resource policies:*

1. Water resource policy should ensure a sufficient supply of water for a growing population and economy, recognize existing water rights as property rights, and provide flexibility in the use of existing water rights.
2. Water resource policy should provide for an efficient and timely water right permitting process.
3. Water resource policy should eliminate relinquishment provisions that create disincentives for water conservation.

4. Water resource policy should promote timely and effective water management techniques, including new storage, to meet the needs of out-of-stream uses while minimizing or eliminating actual in-stream flow impacts.
5. Water resource policy should provide for a streamlined permitting process for implementing and constructing new water storage facilities.
6. Water resource policy should create certainty for water right holders serving growing populations and economies.

## **BUSINESS LAW POLICY PRINCIPLES**

*The Association of Washington Business will propose, review, and evaluate business law policies based upon applicable Public Policy Principles, Tax and Fiscal Policy Principles, and the following principles:*

### **Civil Justice Principles**

1. Civil justice policy should favor dispute resolution processes and attorney compensation mechanisms that promote the prompt resolution of disputes in the least expensive manner possible, by creating incentives for parties to make and accept reasonable settlement offers.
2. Civil justice policy should allow juries to act on all the facts so that they can fairly apportion responsibility among each and every party who may have contributed to a plaintiff's injuries.
3. Civil justice policy should provide predictability and fairness with reasonable limits on awards for non-economic damages involving such highly subjective concepts as "pain and suffering," "emotional distress," and "loss of consortium" where they have no precise cash value.
4. Civil justice policy should not reward a plaintiff whose "contributory negligence" is greater than the defendants' combined negligence or whose injury was a direct result of alcohol or drug abuse.
5. Civil justice policy should provide statutes of limitations that do not unfairly hold defendants to standards of practice that were not in effect when a product or a service was provided, and do not disadvantage a party because the facts can no longer be ascertained.
6. Civil justice policy should exclude corrective action as evidence in cases where the net result is to discourage businesses from constantly making their products and services safer and fairer.

### **Commercial Privacy Principles**

*In addition to the general application of the Business Law Policy Principles, the following principles will be applied when proposing, reviewing, and evaluating commercial privacy policies:*

1. Commercial privacy policy should maximize the benefits consumers derive from the responsible use of personal information.
2. Commercial privacy policy that is intended to protect consumers should apply only to information that, consistent with the First Amendment, threatens a specific harm and is non-public.
3. Commercial privacy policy should be reasonable in scope and consequence with standards that are proportional to the harm threatened.
4. Commercial privacy policy should allow those who must comply with its requirements to do so in a convenient, easy to use and predictable manner.

5. Commercial privacy policy should be applied equally to all types of organizations and structural relationships, whether public or private, profit or non-profit, or small or large business.

### **Ballot Measure Principles**

In addition to the general application of the Business Law Policy Principles, the following principles will be applied when proposing, reviewing, and evaluating ballot measure policies:

1. Ballot measure policy should promote the constitutional intent that initiatives and referendums are a vital and popular part of democracy.
2. Ballot measure policy should provide for detailed, comprehensive and balanced analysis, debate and deliberation about pending initiative and referendum measures.

## EDUCATION PUBLIC POLICY PRINCIPLES

*A strong education system is the foundation of a healthy democracy and sound economy. Washington State's competitiveness rests on the cornerstone of a well-educated and technically competent workforce.*

Students need:

- The ability to think analytically, logically, and creatively, and to integrate experience and knowledge to form reasoned judgments, make informed decisions and to solve complex and multi-faceted problems.
- To understand the importance of work and sense of self-esteem derived from the workplace environment as well as how personal responsibility, individual performance, attitudes, effort and decision-making directly affect career and educational opportunities.

To ensure a vital workforce for the future, it is critical that Washington State maintain a commitment to the following:

- Clear and challenging academic standards that reflect the changing requirements of a globally competitive economy.
- Meaningful assessments.
- A balanced and implemented accountability system that provides rewards and recognition for performance and improvement, as well as a clear series of steps for addressing instances of persistent underperformance.
- Greater flexibility to allow schools to meet clear and challenging academic standards.
- Seamless coordination, integration and articulation among the state's educational institutions at all levels.
- Public policies that support and encourage alternative education opportunities.
- The Priorities of Government and Price of Government (P.O.G.) process to build fiscal stability and drive efficiencies throughout state and local government entities involved in providing educational opportunities.
- Appropriate levels of funding to prepare tomorrow's workforce and address future education capacity needs, particularly for workforce training, WASL/Certificate of Academic Achievement preparedness, and post-secondary institutions.
- Outstanding leadership at all levels of the education system.
- Economically and academically competitive higher education and research institutions.