



FOR IMMEDIATE RELEASE
Date: October 4, 2017

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BIAW Sends Letter to Governor Asking for Special Session to Fix Hirst, Pass Capital Budget

The Building Industry Association of Washington (BIAW) sent a letter today asking Governor Inslee to call a new special legislative session to allow legislators to provide a durable fix to the Hirst decision and also vote for the capital budget.

The Hirst decision was decided by the Washington State Supreme Court nearly a year ago on Oct 6, 2016, and has had potentially far-reaching consequences by likely eliminating nearly all new household wells in rural Washington, bringing the construction on these properties to a near standstill. Legislators promised to provide a fix during the 2017 regular and special sessions, but it did not happen.

BIAW sent the letter to Governor Inslee after results from a recent economic impact study revealed staggering impacts from the full implementation of the decision in counties if legislators do not provide a fix for Hirst. The study, conducted by HR² Research and Analytics, showed:

- \$6.9 billion lost in economic activity each year in Washington, predominantly in rural communities
- \$452.3 million in lost employee wages due to the impacts of Hirst, annually
- Nearly 9,300 lost jobs (FTEs) in rural Washington, annually
- \$392.7 million in lost taxes to state and local governments, annually
- \$4.59 billion in losses to the construction industry, annually
- \$37 billion in lost property values in areas impacted by Hirst
- \$346 million in property taxes shifted to other properties in Washington due to the decision.

Rural communities face an average rate of 8.2 percent unemployment (higher than urban areas) according to the state Employment Security Department's September report, *Urban versus Rural*, and they are likely to be hit hardest by the economic impacts of Hirst. These unemployment figures combined with the study's results show Washington's rural families will likely suffer extreme economic losses and gravely affect businesses and rural economies in the state if there is no permanent fix. In addition, Hirst will also decrease local government tax collections and increase property taxes for urban and suburban home and land owners as a result of a property tax shift due to Hirst-impacted properties losing up to 70% of their value.

"We know that you understand the importance of being Governor of the entire state and ask that you take action to provide Washington citizens and local governments with certainty. This impasse is a real economic issue for our state and leadership from the state's executive is needed now. We ask that you call the Legislature back into session to address the uncertainty created by Hirst and also pass an important capital budget. Legislators in session are more legislatively productive, and providing a real deadline will initiate conversation to produce resolution," said BIAW Executive Vice President Art Castle in the letter to Governor Inslee. "BIAW knows that you are invested in seeing economic success for all Washingtonians. As the Governor, you can facilitate resolution and help all Washington move forward."

Please see the BIAW letter to Governor Inslee on the second page of this press release. For more details on the economic study on the Hirst decision, visit www.biaw.com.



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October 4, 2017

Governor Jay Inslee
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

Dear Governor Inslee:

The Building Industry Association of Washington (BIAW) represents nearly 7,500 member companies engaged in all aspects of home construction across the state. BIAW members literally build the communities where Washington's families have dinner, contribute to the local economy, and put their children to bed at night. With such a high demand for more affordable housing in our state, addressing *Hirst* is necessary to ensure that Washingtonians' ability to attain housing that is affordable is not additionally hindered.

Unfortunately, Washingtonians now face unprecedented uncertainty created by the state Supreme Court's *Hirst* decision nearly a year ago – particularly Washington's rural communities. As the Legislature has failed to correct this decision, rural Washington is at the frontline of economic devastation – but they are not the only victims. When counties fully implement *Hirst*, it will have staggering impacts, as demonstrated in a study conducted by HR² Research and Analytics. The results show:

- \$6.9 billion lost in economic activity each year in Washington, predominantly in rural communities
- \$452.3 million in lost employee wages due to the impacts of *Hirst*, annually
- Nearly 9,300 lost jobs (FTEs) in rural Washington, annually
- \$392.7 million in lost taxes to state and local governments, annually
- \$4.59 billion in losses to the construction industry, annually
- \$37 billion in lost property values in areas impacted by *Hirst*
- \$346 million in property taxes shifted to other properties in Washington due to the decision

Further, the implementation of *Hirst* puts all current Growth Management Act (GMA) county comprehensive plans recently adopted at risk for being out of compliance. The GMA specifically seeks to protect growth in both urban and rural settings; *Hirst* has turned that ability on its head.

We know that you understand the importance of being Governor of the entire state and we ask that you take action to provide Washington citizens and local governments with certainty. This impasse is a real economic issue for our state. Leadership from the state's executive is needed now. We ask that you call the Legislature back into session to address the uncertainty created by *Hirst* and also pass an important capital budget. Legislators in session are more legislatively productive, and providing a real deadline will initiate conversation to produce resolution.

Employment Security Department's (ESD) September 2017 report, *Urban versus Rural*, shows Washington's rural communities have not fully recovered from the recession. Employment numbers, both jobs and wages, continue to significantly lag in our state's rural areas. Rural counties still average an unemployment rate of 8.2 percent, a higher figure than urban areas. As rural counties were hit harder in the recession, they still have not recovered. The crisis caused by *Hirst* directly impacts rural economies that took the brunt of the recession and have been the slowest to recover. Not resolving the quandary created by *Hirst* will exacerbate the creation of new jobs and stable employment for these communities. BIAW knows that you are invested in seeing economic success for all Washingtonians. As the Governor, you can facilitate resolution and help all Washington move forward.

Nearly \$7 billion in lost economic activity each year is too big an economic cost for all of Washington to bear for inaction. A fix for the *Hirst* decision is needed now.

Thank you,

A handwritten signature in black ink that reads "Art Castle". The signature is written in a cursive, flowing style.

Art Castle
Executive Vice President
Building Industry Association of Washington

CC: Senate Majority Leader Mark Schoesler
Senate Minority Leader Sharon Nelson
Speaker of the House Frank Chopp
House Minority Leader Dan Kristiansen