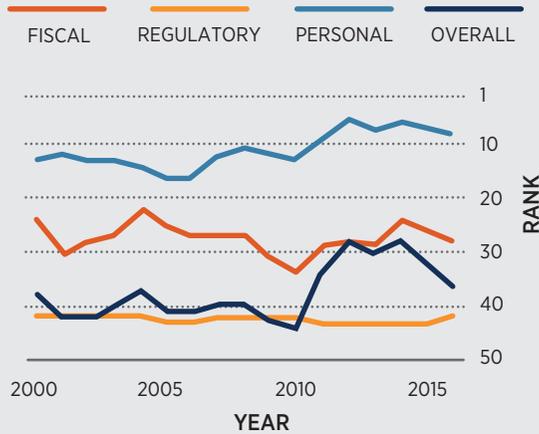


WASHINGTON

2016 RANK
36th



POLICY RECOMMENDATIONS

- **Fiscal:** Enact strict, *ex post* balanced budget requirements to bring state debt down over time. Build up the rainy-day fund.
- **Regulatory:** Better protect property rights by enacting further-reaching eminent domain reform and reducing centralized land-use planning by repealing or amending the Growth Management Act and the Shoreline Management Act.
- **Personal:** Repeal teacher licensing and mandatory state approval and registration for private schools, ease the annual testing requirement for homeschoolers, and require homeschooling parents to keep only a record of attendance, not teaching materials.



Population, 2017
7,405,743

Net Migration Rate
8.3%



State Taxes, Percent of Personal Income, FY 2017
5.19%

Local Taxes, Percent of Personal Income, FY 2015
3.70%

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Real Per Capita Personal Income, 2016, in 2009 \$
\$46,863

Real Personal Income Growth, CAGR, 2000-15
2.2%

ANALYSIS

Although Washington has had one of the more regulated economies in the United States for a long time, it has benefited from the fact that other West Coast states have had the same. Since 2006, we show decent gains in personal freedom and fiscal policy, along with modest losses on regulatory policy.

Washington lacks an income tax, and as a result its fiscal policy is fairly good. Localities raise just below the national average in taxes, 3.7 percent of adjusted income. State government, meanwhile, raises 5.2 percent of income, also a little below the national average. Despite recent incorporations, Washingtonians do not enjoy much choice in local government, just 0.37 per 100 square miles. Government debt is higher than the national average but has come down recently. Cash and security assets are lower than average. Public employment and government share of GDP are now almost down to the national average, having come down substantially since 2009, partly because of economic growth rather than policy change.

Washingtonians do not enjoy much freedom to use their own land. Local and regional zoning and planning rules have become quite strict. Eminent domain abuse is almost unchecked. Renewable portfolio standards have been tightened. Washington is one of the worst states on labor-market freedom. It lacks a right-to-work law, limits choices for workers' compensation programs, and has extremely high minimum wages relative to its wage base. Managed care is hobbled

by standing referral and direct access mandates. Cable and telecommunications have not been liberalized. Occupational licensing has become much more extensive than the national average. The state's sunrise commission law has proven useless. However, nurse practitioners, dental hygienists, and physician assistants enjoy broad scope of practice. Insurance freedom is quite poor because of prior approval of rates and rating classification prohibitions. The civil liability system is mediocre.

Washington's criminal justice policies are among the best in the nation. Incarceration and victimless crime arrest rates are far below national averages and fell substantially even before marijuana legalization. However, the state has done virtually nothing about civil asset forfeiture abuse. Marriage freedom is low because of a waiting period and lack of cousin and covenant marriage. Gun laws are quite good, especially for a left-leaning state. The state has legalized some Class III weapons in recent years. Washington increased its alcohol freedom to average from well below by privatizing state liquor stores and allowing spirits in grocery stores. However, taxes on distilled spirits are the highest in the country. Illegal immigrants have been able to get driver's licenses for a long time. The state is fairly mediocre on gambling freedom and prohibits online gaming. Physician-assisted suicide is legal. Educational freedom is substandard, with some of the toughest licensing, approval, testing, and record-keeping requirements for private schools and homeschools in the country. Smoking bans are comprehensive, and tobacco taxes are extremely high.