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## PHOENIX Business Journal

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# Washington state competing against Arizona for Calif. jobs

Phoenix Business Journal - by [Mike Sunnucks](#)

Washington state has emerged as a prime rival to Arizona for recruiting jobs, businesses and entrepreneurs who are tired of California.

"Their taxes are lower than Arizona, so their business climate is better," said Barry Broome, CEO of the **Greater Phoenix Economic Council**. "Washington state has been putting on a big push into California."

Western states have sought for years to recruit jobs and businesses from California. But those efforts have intensified with higher taxes, more business regulations and the Golden State's budget debacle turning off businesses.

California ranks 48th on the Tax Foundation 2010 ranking of state business tax climates. Arizona ranks 28th, but Washington is ninth.

Washington does not have a corporate or personal income tax, and the state crafted business-friendly workers' compensation and unemployment insurance policies as part of its \$3.2 billion incentive in 2004 to keep **Boeing Co.**'s manufacturing in Seattle. Washington also has put money and other resources toward job training programs.

Broome said Washington is touting those attributes to California companies looking at other locations. Arizona and Washington are competing heavily for California jobs in the aerospace and life sciences sectors, and in some instances on the renewable energy front, he said.

John Boyd, a site selection consultant and vice president of the New Jersey-based **Boyd Co.**, said Washington also has cheap energy costs compared with California, Arizona and other states because of the Northwest's hydroelectric power supply.

Energy costs have been a problem in California for years, and Boyd said long-term water supply concerns in the Southwest sometimes worry manufacturers, data centers, food processors and other companies that use a lot of water and electricity.

A Boyd Co. study of Western suburban markets shows Quincy, Wash., southeast of Seattle, has the region's least expensive annual operating costs: \$21.1 million for a large industrial site. Goodyear is fifth, at \$25.1 million. California markets such as Walnut Creek, near San Francisco, comes in at \$28.1 million; and Davis, near Sacramento, at \$27.3 million.

Penny Thomas, spokeswoman for the Washington State Department of Commerce, said her state focuses on the biomedical, aerospace, health care and clean technologies sectors.

"Washington does not tax personal or corporate income. We let companies that improve their profitability keep that extra margin rather than sharing it with the government," she said.

Broome said Washington's roster of big companies — such as **Microsoft Corp.**, **Starbucks Coffee Co.**, **Costco Wholesale Corp.** and Boeing — also makes it appealing to skilled workers and other businesses. He said competition from Washington increases the need for the Arizona Legislature to approve House Bill 2250, which funds state job training programs, as well as other enterprise zone and tax incentives and cuts for high-wage businesses creating jobs.

"It is really important," Broome said.

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Boyd Co.: [www.theboydcompany.com](http://www.theboydcompany.com)

Greater Phoenix Economic Council: [www.gpec.org](http://www.gpec.org)

### State Tax Rates

State, Corporate income tax, Personal income tax, Sales tax, Gross business receipts tax, Business tax climate rank

Arizona	6.97%	2.59–4.54%	5.60%	None	28th
Washington	None	None	6.50%	0.01–1.50%	9th
California	8.84%	1.25–9.55%	8.25%	None	48th

Sources: Tax Foundation, state of Washington, Federation of Tax Administrators