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HOUSE BILL 2336

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By Representatives Wineberry, Forner, Appelwick, Dellwo, Veloria, Ogden, Valle, Caver, J. Kohl, Romero, Conway, Sheldon, Eide and Roland

Read first time 01/14/94. Referred to Committee on Trade, Economic Development & Housing.

1 AN ACT Relating to community empowerment; amending RCW 43.63A.700,  
2 43.63A.710, 82.60.020, 82.62.010, 43.270.010, 43.270.020, 43.270.030,  
3 43.270.040, 43.270.050, 43.270.060, and 43.270.070; adding a new  
4 section to chapter 82.04 RCW; adding a new section to chapter 43.330  
5 RCW; adding a new section to chapter 43.310 RCW; adding a new section  
6 to chapter 43.185A RCW; adding new chapters to Title 43 RCW; adding new  
7 chapters to Title 82 RCW; adding a new chapter to Title 50 RCW;  
8 creating new sections; recodifying RCW 43.63A.700 and 43.63A.710;  
9 making appropriations; providing an effective date; and declaring an  
10 emergency.

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

12 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

13 (a) Neighborhoods are a powerful indicator of the diversity and  
14 health of the state;

15 (b) There are geographic areas within communities that are  
16 characterized by a lack of employment opportunities and high  
17 unemployment, by an average income that is below the median income  
18 level for the surrounding community, by a high rate of crime, by a lack

1 of affordable housing, by deteriorating infrastructure, and by a lack  
2 of facilities for community services, job training, and education;

3 (c) Strategies to revitalize these neighborhoods and empower  
4 residents involve a variety of activities that increase economic and  
5 social diversity, make physical improvements, and improve economic  
6 opportunities for neighborhood residents;

7 (d) Revitalization strategies cannot be accomplished with  
8 governmental resources only and requires a comprehensive approach that  
9 depends on a local government's ability to coordinate public resources  
10 in a long-term strategy designed to leverage private and community  
11 investment in the neighborhood;

12 (e) Local governments, in cooperation with neighborhood residents,  
13 can provide leadership as well as planning and coordination of  
14 resources and necessary services to address revitalization of the  
15 neighborhood; and

16 (f) It is in the public interest to adopt a targeted approach to  
17 community empowerment and enlist the resources of the public and  
18 private sectors and neighborhood groups to revitalize neighborhoods.

19 (2) The legislature declares that the purposes of the community  
20 empowerment act are to:

21 (a) Encourage community empowerment through strong partnerships and  
22 cooperation between all levels of government, community-based  
23 organizations and groups, neighborhood residents, and the private  
24 sector;

25 (b) Involve and educate the private sector and stimulate private  
26 reinvestment through the judicious use of public resources;

27 (c) Target governmental resources to those neighborhoods in  
28 greatest need; and

29 (d) Include neighborhood individuals and organizations in the  
30 policy-making process.

31 **PART I. COMMUNITY EMPOWERMENT ZONES**

32 NEW SECTION. **Sec. 101.** Unless the context clearly requires  
33 otherwise, the definitions in this section apply throughout this  
34 chapter.

35 (1) "Affordable housing" has the same meaning as in RCW  
36 43.185B.010.

1 (2) "Afterschool program" means a program of tutoring, recreation,  
2 mentoring, or cultural activities that are offered to K-12 students  
3 either before or after school hours and is approved by the local school  
4 district.

5 (3) "Community empowerment zone" means a geographic area within the  
6 boundaries of a local government that: (a) Meets the requirements of  
7 RCW 43.63A.710 (as recodified by this act) and is so designated by the  
8 director; or (b) is designated an empowerment zone or enterprise  
9 community under Title XIII, Chapter I of the Omnibus Reconciliation Act  
10 of 1993 (P.L. 103-66) and is designated by the director.

11 (4) "Community empowerment zone assistance" means furnishing  
12 financial assistance, labor, material, or technical assistance to aid  
13 in the provision of community services, crime prevention, education,  
14 job training, and housing assistance activities within a designated  
15 community empowerment zone.

16 (5) "Community service" means any type of counseling and advice,  
17 emergency assistance, or medical care furnished to individuals or  
18 groups within a designated community empowerment zone.

19 (6) "Crime prevention" means any activity that aids in the  
20 reduction or prevention of crime within a designated community  
21 empowerment zone.

22 (7) "Department" means the department of community, trade, and  
23 economic development.

24 (8) "Director" means the director of community, trade, and economic  
25 development.

26 (9) "Education" means any type of scholastic instruction or  
27 scholarship assistance, including an afterschool program, to any person  
28 who resides within a designated community empowerment zone that enables  
29 that person to prepare for better employment opportunities.

30 (10) "Housing assistance" means any activity that aids in the  
31 acquisition, preservation, rehabilitation, or construction of  
32 affordable housing within a designated community empowerment zone.

33 (11) "Job training" means any type of instruction to any person who  
34 resides within a designated community empowerment zone that enables  
35 that person to acquire vocational skills to become employable or seek  
36 a higher grade of employment.

37 (12) "Local government" means a city, town, or county.

38 (13) "Nonprofit organization" means any public or private  
39 organization that: (a) Is organized under federal, state, or local

1 laws; (b) has no part of its net earnings inuring to the benefit of any  
2 member, founder, contributor, or individual; and (c) has among its  
3 purposes significant activities related to community empowerment zone  
4 assistance activities within a designated community empowerment zone.  
5 The term also includes public housing authorities created under chapter  
6 35.82 RCW and public corporations created under chapter 35.21 RCW that  
7 operate within a designated community empowerment zone.

8 **Sec. 102.** RCW 43.63A.700 and 1993 sp.s. c 25 s 401 are each  
9 amended to read as follows:

10 (1) The department, in cooperation with the department of revenue,  
11 the employment security department, and the office of financial  
12 management, shall approve applications submitted by local governments  
13 for designation as a ((neighborhood reinvestment area)) community  
14 empowerment zone under this section. The application shall be in the  
15 form and manner and contain such information as the department may  
16 prescribe, provided that the application for designation shall:

17 (a) Contain information sufficient for the director to determine if  
18 the criteria established in RCW 43.63A.710 (as recodified by this act)  
19 have been met.

20 (b) Be submitted on behalf of the local government by its chief  
21 elected official, or, if none, by the governing body of the local  
22 government.

23 (c) Contain a five-year ((neighborhood reinvestment)) community  
24 empowerment plan that describes the proposed designated ((neighborhood  
25 reinvestment—area's)) community empowerment zone's community  
26 development needs and present a strategy for meeting those needs. The  
27 plan shall address the following categories: Housing needs; public  
28 infrastructure needs, such as transportation, water, sanitation,  
29 energy, and drainage/flood control; other public facilities needs, such  
30 as neighborhood facilities or facilities for provision of health,  
31 education, recreation, public safety, or other services; community  
32 economic development needs, such as commercial/industrial  
33 revitalization, job creation and retention considering the unemployment  
34 and underemployment of area residents, accessibility to financial  
35 resources by area residents and businesses, investment within the area,  
36 or other related components of community economic development; ((and))  
37 social service needs; and public safety needs, such as gang and  
38 violence reduction or prevention, or community policing activities.

1 The local government is required to provide a description of its  
2 strategy for meeting the needs identified in this subsection (1)(c).  
3 As part of the strategy, the local government is required to identify  
4 the needs for which specific plans are currently in place and the  
5 source of funds expected to be used. For the balance of the area's  
6 needs, the local government must identify the source of funds expected  
7 to become available during the next two-year period and actions the  
8 local government will take to acquire those funds.

9 (d) Certify that neighborhood residents were given the opportunity  
10 to participate in the development of the five-year (~~neighborhood~~  
11 ~~reinvestment~~) community empowerment strategy required under (c) of  
12 this subsection.

13 (2) No local government shall submit more than two neighborhoods to  
14 the department for possible designation as a designated (~~neighborhood~~  
15 ~~reinvestment area~~) community empowerment zone under this section.

16 (3)(a) Within ninety days after January 1, 1994, the director may  
17 designate up to six designated (~~neighborhood reinvestment areas~~)  
18 community empowerment zones from among the applications eligible for  
19 designation as a designated (~~neighborhood reinvestment area under this~~  
20 ~~section~~) community empowerment zone.

21 (b) Within ninety days after October 1, 1994, the director may  
22 designate additional designated community empowerment zones from among  
23 the applications eligible for designation as a designated community  
24 empowerment zone. The director may designate up to a total of ten  
25 designated community empowerment zones under this section.

26 (c) The director shall make determinations of designated  
27 (~~neighborhood reinvestment areas~~) community empowerment zones on the  
28 basis of the following factors:

29 (i) The strength and quality of the local government commitments to  
30 meet the needs identified in the five-year (~~neighborhood~~  
31 ~~reinvestment~~) community empowerment plan required under this section.

32 (ii) The level of private commitments by private entities of  
33 additional resources and contribution to the designated (~~neighborhood~~  
34 ~~reinvestment area~~) community empowerment zone.

35 (iii) The potential for (~~reinvestment in~~) revitalization of the  
36 area as a result of designation as a designated (~~neighborhood~~  
37 ~~reinvestment area~~) community empowerment zone.

38 (iv) Other factors the director (~~of the department of community~~  
39 ~~development~~) deems necessary.

1       (~~(b)~~) (d) The determination of the director as to the areas  
2 designated as (~~(neighborhood reinvestment areas)~~) community empowerment  
3 zones shall be final.

4       **Sec. 103.** RCW 43.63A.710 and 1993 sp.s. c 25 s 402 are each  
5 amended to read as follows:

6       (1) The director may not designate an area as a designated  
7 (~~(neighborhood reinvestment area)~~) community empowerment zone unless  
8 that area meets the following requirements:

9       (a) The area must be designated by the legislative authority of the  
10 local government as an area to receive federal, state, and local  
11 assistance designed to increase economic, physical, or social activity  
12 in the area;

13       (b) The area must have at least fifty-one percent of the households  
14 in the area with incomes at or below eighty percent of the county's  
15 median income, adjusted for household size;

16       (c) The average unemployment rate for the area, for the most recent  
17 twelve-month period for which data is available must be at least one  
18 hundred twenty percent of the average unemployment rate of the county;  
19 and

20       (d) A five-year (~~(neighborhood reinvestment)~~) community empowerment  
21 plan for the area that meets the requirements of RCW 43.63A.700(1)(c)  
22 (as recodified by this act) and as further defined by the director must  
23 be adopted.

24       (2) The director may establish, by rule, such other requirements as  
25 the director may reasonably determine necessary and appropriate to  
26 assure that the purposes of this section are satisfied.

27       (3) In determining if an area meets the requirements of this  
28 section, the director may consider data provided by the United States  
29 bureau of the census from the most recent census or any other reliable  
30 data that the director determines to be acceptable for the purposes for  
31 which the data is used.

32                   **PART II. COMMUNITY EMPOWERMENT ZONE INCENTIVES**

33                   **A. Community and Business Partnership Tax Credits**

34       NEW SECTION.   **Sec. 201.** Unless the context clearly requires  
35 otherwise, the definitions in this section apply throughout sections  
36 201 through 206 of this act.

1 (1) "Affordable housing" has the same meaning as in RCW  
2 43.185B.010.

3 (2) "Community empowerment zone" has the same meaning as in section  
4 101 of this act.

5 (3) "Community empowerment zone assistance" has the same meaning as  
6 in section 101 of this act.

7 (4) "Community service" has the same meaning as in section 101 of  
8 this act.

9 (5) "Crime prevention" has the same meaning as in section 101 of  
10 this act.

11 (6) "Department" means the department of revenue.

12 (7) "Director" means the director of the department of revenue.

13 (8) "Education" has the same meaning as in section 101 of this act.

14 (9) "Housing assistance" has the same meaning as in section 101 of  
15 this act.

16 (10) "Job training" has the same meaning as in section 101 of this  
17 act.

18 (11) "Nonprofit organization" has the same meaning as in section  
19 101 of this act.

20 (12) "Person" has the meaning given in RCW 82.04.030.

21 (13) "Recipient" means a person receiving tax credits under this  
22 chapter.

23 NEW SECTION. **Sec. 202.** The department shall establish a program  
24 to provide tax credits to a person making contributions to nonprofit  
25 organizations that are undertaking community empowerment zone  
26 assistance activities in a designated community empowerment zone. The  
27 tax credit may be used as a credit against any of the taxes imposed on  
28 the person under chapter 82.04 RCW.

29 NEW SECTION. **Sec. 203.** (1) Application for tax credit under this  
30 chapter must be made before the actual contribution to the community  
31 empowerment zone assistance activity is made. The application shall be  
32 made to the department of community development through June 30, 1994,  
33 and on and after July 1, 1994, to the department of community, trade,  
34 and economic development in a form and manner prescribed by the  
35 department of revenue and the department of community development  
36 through June 30, 1994, and on and after July 1, 1994, the department of  
37 community, trade, and economic development.

1 (2) The department of community development through June 30, 1994,  
2 and on and after July 1, 1994, the department of community, trade, and  
3 economic development shall transmit a copy of the completed application  
4 for tax credits to the department of revenue, with its recommendations,  
5 within ten working days after receipt thereof. Within thirty days  
6 after receipt of the completed application from the department of  
7 community development or the department of community, trade, and  
8 economic development, the department of revenue shall determine the  
9 amount of tax credits to be allocated to the business firm. The  
10 department of revenue shall notify the department of community  
11 development through June 30, 1994, and on and after July 1, 1994, the  
12 department of community, trade, and economic development of its  
13 decision within ten working days.

14 (3) The department of revenue, in consultation with the department  
15 of community development through June 30, 1994, and on and after July  
16 1, 1994, the department of community, trade, and economic development,  
17 shall adopt rules specifying the administrative procedures applicable  
18 to applicants for tax credits, the form and manner in which the  
19 applications shall be filed, and the information to be contained  
20 therein. The rules shall apply to administrative procedure before the  
21 department of revenue and the department of community development or  
22 the department of community, trade, and economic development.

23 NEW SECTION. **Sec. 204.** In order to qualify for the tax credits in  
24 section 202 of this act, the community empowerment zone assistance  
25 activity must meet the following requirements:

26 (1) The activity must be located in a designated community  
27 empowerment zone;

28 (2) The contribution must be made to a nonprofit organization that  
29 is undertaking activities that are consistent with the area's five-year  
30 community empowerment zone strategy approved under RCW 43.63A.700 (as  
31 recodified by this act).

32 NEW SECTION. **Sec. 205.** (1) No tax credit under this chapter for  
33 community empowerment zone assistance activities may be issued after  
34 December 31, 1999.

35 (2) The department shall grant a credit against the tax due under  
36 this chapter of an amount equal to thirty percent of the approved  
37 amount contributed by the person for eligible community empowerment

1 zone assistance activities in designated community empowerment zones  
2 during the taxable year.

3 (3) Any tax credit not used during the taxable year in which the  
4 contribution was made may be carried forward for the five immediately  
5 succeeding taxable years until the full credit has been used.

6 (4) The department shall keep a running total of all tax credits  
7 granted under this chapter during each fiscal biennium. The department  
8 shall not allow any credits that would cause the total tabulation for  
9 a biennium to exceed two million dollars. If all or part of an  
10 application for credit is disallowed under this subsection, the  
11 disallowed portion shall be carried over for approval the next  
12 biennium.

13 (5) No tax credit shall be granted to any bank, bank and trust  
14 company, trust company, national bank, savings bank, savings  
15 association, or savings and loan association for activities that are a  
16 part of its normal course of business.

17 (6) No recipient is eligible for tax credits in excess of two  
18 hundred thousand dollars during the taxable year and no tax credit  
19 shall be granted to any person for any amount contributed of less than  
20 two hundred fifty dollars.

21 NEW SECTION. **Sec. 206.** Applications and any other information  
22 received by the department under sections 201 through 205 of this act  
23 shall not be confidential and shall be subject to disclosure.

24 **B. Tax Deferrals for Investment Projects in Distressed Areas**

25 **Sec. 207.** RCW 82.60.020 and 1993 sp.s. c 25 s 403 are each amended  
26 to read as follows:

27 Unless the context clearly requires otherwise, the definitions in  
28 this section apply throughout this chapter.

29 (1) "Applicant" means a person applying for a tax deferral under  
30 this chapter.

31 (2) "Department" means the department of revenue.

32 (3) "Eligible area" means: (a) A county in which the average level  
33 of unemployment for the three years before the year in which an  
34 application is filed under this chapter exceeds the average state  
35 unemployment for those years by twenty percent; (b) a metropolitan  
36 statistical area, as defined by the office of federal statistical

1 policy and standards, United States department of commerce, in which  
2 the average level of unemployment for the calendar year immediately  
3 preceding the year in which an application is filed under this chapter  
4 exceeds the average state unemployment for such calendar year by twenty  
5 percent; or (c) a designated (~~neighborhood reinvestment area~~)  
6 community empowerment zone approved under RCW 43.63A.700 (as recodified  
7 by this act).

8 (4)(a) "Eligible investment project" means that portion of an  
9 investment project which:

10 (i) Is directly utilized to create at least one new full-time  
11 qualified employment position for each three hundred thousand dollars  
12 of investment on which a deferral is requested; and

13 (ii) Either initiates a new operation, or expands or diversifies a  
14 current operation by expanding or renovating an existing building with  
15 costs in excess of twenty-five percent of the true and fair value of  
16 the plant complex prior to improvement; or

17 (iii) Acquires machinery and equipment to be used for either  
18 manufacturing or research and development if the machinery and  
19 equipment is housed in a new leased structure. The lessor/owner of the  
20 structure is not eligible for a deferral unless the underlying  
21 ownership of the buildings, machinery, and equipment vests exclusively  
22 in the same person.

23 (b) "Eligible investment project" does not include any portion of  
24 an investment project undertaken by a light and power business as  
25 defined in RCW 82.16.010(5) or investment projects which have already  
26 received deferrals under this chapter.

27 (5) "Investment project" means an investment in qualified buildings  
28 and qualified machinery and equipment, including labor and services  
29 rendered in the planning, installation, and construction of the  
30 project.

31 (6) "Manufacturing" means all activities of a commercial or  
32 industrial nature wherein labor or skill is applied, by hand or  
33 machinery, to materials so that as a result thereof a new, different,  
34 or useful substance or article of tangible personal property is  
35 produced for sale or commercial or industrial use and shall include the  
36 production or fabrication of specially made or custom made articles.  
37 "Manufacturing" also includes computer programming, the production of  
38 computer software, and other computer-related services, and the

1 activities performed by research and development laboratories and  
2 commercial testing laboratories.

3 (7) "Person" has the meaning given in RCW 82.04.030.

4 (8) "Qualified buildings" means new structures used for  
5 manufacturing and research and development activities, including plant  
6 offices and warehouses or other facilities for the storage of raw  
7 material or finished goods if such facilities are an essential or an  
8 integral part of a factory, mill, plant, or laboratory used for  
9 manufacturing or research and development. If a building is used  
10 partly for manufacturing or research and development and partly for  
11 other purposes, the applicable tax deferral shall be determined by  
12 apportionment of the costs of construction under rules adopted by the  
13 department.

14 (9) "Qualified employment position" means a permanent full-time  
15 employee employed in the eligible investment project during the entire  
16 tax year.

17 (10) "Qualified machinery and equipment" means all new industrial  
18 and research fixtures, equipment, and support facilities that are an  
19 integral and necessary part of a manufacturing or research and  
20 development operation. "Qualified machinery and equipment" includes:  
21 Computers; software; data processing equipment; laboratory equipment;  
22 manufacturing components such as belts, pulleys, shafts, and moving  
23 parts; molds, tools, and dies; operating structures; and all equipment  
24 used to control or operate the machinery.

25 (11) "Recipient" means a person receiving a tax deferral under this  
26 chapter.

27 (12) "Research and development" means the development, refinement,  
28 testing, marketing, and commercialization of a product, service, or  
29 process before commercial sales have begun. As used in this  
30 subsection, "commercial sales" excludes sales of prototypes or sales  
31 for market testing if the total gross receipts from such sales of the  
32 product, service, or process do not exceed one million dollars.

### 33 **C. Tax Credits for Eligible Business Projects**

34 **Sec. 208.** RCW 82.62.010 and 1993 sp.s. c 25 s 410 are each amended  
35 to read as follows:

36 Unless the context clearly requires otherwise, the definitions in  
37 this section apply throughout this chapter.

1 (1) "Applicant" means a person applying for a tax credit under this  
2 chapter.

3 (2) "Department" means the department of revenue.

4 (3) "Eligible area" means: (a) A county in which the average level  
5 of unemployment for the three years before the year in which an  
6 application is filed under this chapter exceeds the average state  
7 unemployment for those years by twenty percent; (b) a metropolitan  
8 statistical area, as defined by the office of federal statistical  
9 policy and standards, United States department of commerce, in which  
10 the average level of unemployment for the calendar year immediately  
11 preceding the year in which an application is filed under this chapter  
12 exceeds the average state unemployment for such calendar year by twenty  
13 percent; (c) a designated (~~(neighborhood reinvestment area)~~) community  
14 empowerment zone approved under RCW 43.63A.700 (as recodified by this  
15 act); or (d) subcounty areas in those counties that are not covered  
16 under (a) of this subsection that are timber impact areas as defined in  
17 RCW 43.31.601.

18 (4)(a) "Eligible business project" means manufacturing or research  
19 and development activities which are conducted by an applicant in an  
20 eligible area at a specific facility, provided the applicant's average  
21 full-time qualified employment positions at the specific facility will  
22 be at least fifteen percent greater in the year for which the credit is  
23 being sought than the applicant's average full-time qualified  
24 employment positions at the same facility in the immediately preceding  
25 year.

26 (b) "Eligible business project" does not include any portion of a  
27 business project undertaken by a light and power business as defined in  
28 RCW 82.16.010(5) or that portion of a business project creating  
29 qualified full-time employment positions outside an eligible area or  
30 those recipients of a sales tax deferral under chapter 82.61 RCW.

31 (5) "Manufacturing" means all activities of a commercial or  
32 industrial nature wherein labor or skill is applied, by hand or  
33 machinery, to materials so that as a result thereof a new, different,  
34 or useful substance or article of tangible personal property is  
35 produced for sale or commercial or industrial use and shall include the  
36 production or fabrication of specially made or custom made articles.  
37 "Manufacturing" also includes computer programming, the production of  
38 computer software, and other computer-related services, and the

1 activities performed by research and development laboratories and  
2 commercial testing laboratories.

3 (6) "Person" has the meaning given in RCW 82.04.030.

4 (7) "Qualified employment position" means a permanent full-time  
5 employee employed in the eligible business project during the entire  
6 tax year.

7 (8) "Tax year" means the calendar year in which taxes are due.

8 (9) "Recipient" means a person receiving tax credits under this  
9 chapter.

10 (10) "Research and development" means the development, refinement,  
11 testing, marketing, and commercialization of a product, service, or  
12 process before commercial sales have begun. As used in this  
13 subsection, "commercial sales" excludes sales of prototypes or sales  
14 for market testing if the total gross receipts from such sales of the  
15 product, service, or process do not exceed one million dollars.

#### 16 **D. Deductions for Business Loans in Community Empowerment Zones**

17 NEW SECTION. **Sec. 209.** A new section is added to chapter 82.04  
18 RCW to read as follows:

19 In computing tax there may be deducted from the measure of tax by  
20 those engaged in banking, loan, security, or other financial business,  
21 amounts derived from interest received on loans to bona fide businesses  
22 located in a designated community empowerment zone approved under RCW  
23 43.63A.700 (as recodified by this act).

#### 24 **E. Commercial District Revitalization Technical Assistance**

25 NEW SECTION. **Sec. 210.** A new section is added to chapter 43.330  
26 RCW to read as follows:

27 The department shall provide technical assistance on commercial  
28 district revitalization techniques to communities or organizations  
29 using the state's main street program approach to revitalize business  
30 districts located in designated community empowerment zones. As used  
31 in this section, "community empowerment zone" has the same meaning as  
32 in section 101 of this act.

33 NEW SECTION. **Sec. 211.** The sum of one hundred thousand dollars,  
34 or as much thereof as may be necessary, is appropriated for the

1 biennium ending June 30, 1995, from the general fund to the department  
2 of community, trade, and economic development for the purposes of  
3 section 210 of this act.

4 **PART III. ECONOMIC OPPORTUNITIES FOR AT-RISK YOUTH**

5 **A. At-Risk Youth Employment Tax Credits**

6 NEW SECTION. **Sec. 301.** Unless the context clearly requires  
7 otherwise, the definitions in this section apply throughout this  
8 chapter.

9 (1) "At-risk youth" means a person who is under the age of  
10 eighteen, who risks the significant loss of social or economic  
11 opportunities, including those who are victims of violence, abuse and  
12 neglect, reside within a designated community empowerment zone as  
13 defined in section 101 of this act.

14 (2) "Department" means the department of revenue.

15 (3) "Person" has the meaning given in RCW 82.04.030.

16 (4) "Tax year" means the calendar year in which taxes are due.

17 (5) "Recipient" means a person receiving tax credits.

18 NEW SECTION. **Sec. 302.** (1) A person shall be allowed a credit  
19 against the tax due under chapter 82.04 RCW of an amount equal to five  
20 hundred dollars for each one thousand hours of employment, or a credit  
21 that is prorated by the number of hours of employment, by at-risk  
22 youth.

23 (2) No recipient is eligible for tax credits in excess of ten  
24 thousand dollars in a tax year.

25 (3) No recipient may use tax credits to decertify a union or  
26 displace existing jobs in any community in the state.

27 (4) No recipient may receive a tax credit on taxes which have not  
28 been paid during the taxable year.

29 NEW SECTION. **Sec. 303.** (1) Each recipient shall submit a report  
30 to the department on December 31st of each year on the number of at-  
31 risk youth employed over the previous twelve months as a result of the  
32 tax credits authorized by this chapter.

33 (2) The department shall report to the appropriate committee of the  
34 house of representatives and senate on the accomplishments of the tax  
35 credit authorized by this chapter.



1 to assist economically disadvantaged youth under the federal  
2 opportunities for youth: youthbuild program (106 Stat. 3723; 42 U.S.C.  
3 Sec. 8011), or locally developed youthbuild-type programs for  
4 economically disadvantaged youth; and

5 (2) Coordinate youth employment and training efforts under the  
6 employment security department's jurisdiction and cooperate with other  
7 agencies and departments providing youth services to ensure that funds  
8 appropriated for the purposes of this chapter will be used to  
9 supplement funding from federal, state, local, or private sources.

10 NEW SECTION. **Sec. 307.** (1) Grants awarded under this chapter  
11 shall be used to supplement an organization's funding for youthbuild  
12 activities approved under this chapter.

13 (2) Activities eligible for assistance under this chapter include:

14 (a) Education and job skills training services and activities  
15 designed to meet the needs of the participants;

16 (b) Counseling services and related activities; and

17 (c) Activities designed to develop employment and leadership  
18 skills.

19 (3) Participants eligible to receive assistance under this chapter  
20 are limited to:

21 (a) An individual that is sixteen to twenty-four years of age,  
22 inclusive;

23 (b) An individual that is or is a member of a very low-income  
24 household. As used in this chapter, "very low-income" means an income  
25 that is at or below fifty percent of the median family income for the  
26 county where the participant lives; and

27 (c) An individual who has dropped out of high school. As used in  
28 this chapter, "dropped out of high school" means an individual who is  
29 neither attending any school nor subject to a compulsory attendance law  
30 and who has not received a secondary school diploma or a certificate of  
31 equivalency for such diploma.

32 NEW SECTION. **Sec. 308.** (1) An application for a supplemental  
33 grant under this chapter shall be submitted by the applicant in such  
34 form and in accordance with the requirements as determined by the  
35 commissioner of the employment security department.

36 (2) The application for a supplemental grant under this chapter  
37 shall contain at a minimum:

1 (a) The amount of the supplemental grant request and its proposed  
2 use;

3 (b) A description of the applicant and a statement of its  
4 qualifications, including past experience with housing rehabilitation  
5 or construction with youth and youth education and employment training  
6 programs;

7 (c) A description of the educational and job training activities,  
8 work opportunities, and other services that will be provided to  
9 participants;

10 (d) A description of the manner in which eligible youths will be  
11 recruited and selected;

12 (e) A description of the special outreach efforts that will be  
13 undertaken to recruit eligible young women, including young women with  
14 dependent children;

15 (f) A description of how the proposed program will be coordinated  
16 with other federal, state, local, and private resources and programs;

17 (g) A description of activities that will be undertaken to develop  
18 the leadership skills of the participants; and

19 (h) Other factors the commissioner of the employment security  
20 department deems necessary.

21 NEW SECTION. **Sec. 309.** The sum of two hundred fifty thousand  
22 dollars, or as much thereof as may be necessary, is appropriated for  
23 the biennium ending June 30, 1995, from the general fund to the  
24 employment security department for the purposes of sections 305 through  
25 308 of this act.

26 **PART IV. CRIME PREVENTION AND REDUCTION**

27 NEW SECTION. **Sec. 401.** The legislature finds that crime is one of  
28 the most compelling, symbolic, and practical issues that reinforce the  
29 image of decline in a neighborhood. Pervasive and violent crime, drug  
30 trafficking, and gang activities make these neighborhoods difficult  
31 places in which to live and dangerous and expensive places in which to  
32 do business. The legislature further finds that the perception that an  
33 area is unsafe discourages business involvement or reinvestment by  
34 individuals or financial institutions. The legislature declares that  
35 all citizens of the state of Washington will benefit from a

1 comprehensive strategy to provide local communities the tools to  
2 develop community-based responses to crime prevention.

3 **A. Youth Gangs**

4 NEW SECTION. **Sec. 402.** A new section is added to chapter 43.310  
5 RCW to read as follows:

6 (1) For the period beginning July 1, 1994, through June 30, 1995,  
7 the department of community, trade, and economic development shall  
8 award grants to either school districts or community organizations for  
9 the development, administration, and implementation of community-based  
10 gang risk prevention and intervention pilot programs in designated  
11 community empowerment zones.

12 (2) The provisions of this chapter shall apply to grants awarded  
13 under this section.

14 (3) For the purpose of this section, "community empowerment zone"  
15 has the same meaning as in section 101 of this act.

16 (4) This section shall expire June 30, 1995.

17 NEW SECTION. **Sec. 403.** The sum of two hundred thousand dollars,  
18 or as much thereof as may be necessary, is appropriated for the  
19 biennium ending June 30, 1995, from the general fund to the department  
20 of community, trade, and economic development for the purposes of  
21 section 402 of this act.

22 **B. Violence Prevention and Intervention**

23 **Sec. 404.** RCW 43.270.010 and 1989 c 271 s 315 are each amended to  
24 read as follows:

25 The legislature recognizes that state-wide efforts aimed at  
26 reducing the incidence of substance abuse and violence must be  
27 increased. The legislature further recognizes that the most effective  
28 strategy for reducing the impact of alcohol (~~and~~), other drug abuse,  
29 and violence is through the collaborative efforts of educators, law  
30 enforcement, local government officials, local treatment providers, and  
31 concerned community and citizens' groups.

32 The legislature intends to support the development and activities  
33 of community mobilization strategies against substance abuse or  
34 violence through the following efforts:

1 (1) Provide funding support for prevention, treatment, and  
2 enforcement activities identified by communities that have brought  
3 together education, treatment, local government, law enforcement, and  
4 other key elements of the community;

5 (2) Provide technical assistance and support to help communities  
6 develop and carry out effective activities; and

7 (3) Provide communities with opportunities to share suggestions for  
8 state program operations and budget priorities.

9 **Sec. 405.** RCW 43.270.020 and 1989 c 271 s 316 are each amended to  
10 read as follows:

11 There is established in the (~~office of the governor~~) department  
12 of community, trade, and economic development a grant program to  
13 provide incentive for and support for communities to develop targeted  
14 and coordinated strategies to reduce the incidence and impact of either  
15 substance abuse or violence.

16 Activities which may be funded through this grant program include  
17 those which:

18 (1) Prevent either substance abuse or violent behavior through  
19 educational and self-esteem efforts, development of positive  
20 alternatives, intervention with high-risk groups, and other prevention  
21 strategies;

22 (2) Support effective treatment by increasing access to and  
23 availability of treatment opportunities, particularly for underserved  
24 or highly impacted populations, developing aftercare and support  
25 mechanisms, and other strategies to increase the availability and  
26 effectiveness of treatment;

27 (3) Provide meaningful consequences for participation in illegal  
28 activity and promote safe and healthy communities through support of  
29 law enforcement strategies;

30 (4) Create or build on efforts by existing community programs,  
31 coordinate their efforts, and develop cooperative efforts or other  
32 initiatives to make most effective use of resources to carry out the  
33 community's strategy against either substance abuse or violence; and

34 (5) Other activities which demonstrate both feasibility and a  
35 rationale for how the activity will achieve measurable results in the  
36 strategy against either substance abuse or violence.

1       **Sec. 406.** RCW 43.270.030 and 1989 c 271 s 317 are each amended to  
2 read as follows:

3       Applications for funding under this chapter must:

4       (1) Demonstrate that the community has developed and is committed  
5 to carrying out a coordinated strategy of prevention, treatment, and  
6 law enforcement activities; and

7       (2)(a) For applications for substance abuse prevention or  
8 intervention activities, contain evidence of active participation of  
9 the community and specific commitments to implementing the community-  
10 wide agenda by leadership from at least education, law enforcement,  
11 local government, tribal government, and treatment entities in the  
12 community, and the opportunity for meaningful involvement from others  
13 such as neighborhood and citizen groups, businesses, human service,  
14 health and job training organizations, and other key elements of the  
15 community, particularly those whose responsibilities in law  
16 enforcement, treatment, prevention, or other community efforts provide  
17 direct, ongoing contact with substance abusers; or

18       (b) For applications for violence prevention or intervention  
19 activities, contain evidence of active participation of the community  
20 and specific commitments to implement the community-wide agenda by  
21 leadership from at least education, law enforcement, local government,  
22 and tribal government, and the opportunity for meaningful involvement  
23 from others such as neighborhood and citizen groups, businesses, human  
24 service, health and job training organizations, and other key elements  
25 of the community, particularly those that are involved in violence  
26 prevention or intervention activities.

27       **Sec. 407.** RCW 43.270.040 and 1989 c 271 s 318 are each amended to  
28 read as follows:

29       This grant program will be available to communities of any  
30 geographic size but will encourage and reward communities which develop  
31 coordinated or complimentary strategies within geographic areas such as  
32 county areas or groups of county areas which correspond to units of  
33 government with significant responsibilities in the area of substance  
34 abuse or violence prevention, existing coalitions, or other entities  
35 important to the success of a community's strategy against either  
36 substance abuse or violence.

1       **Sec. 408.** RCW 43.270.050 and 1989 c 271 s 319 are each amended to  
2 read as follows:

3       At a minimum, grant applications must include the following:

4       (1) Definition of geographic area;

5       (2) A description of the extent and impact of substance abuse or  
6 violence in the community, including an explanation of those who are  
7 most severely impacted and those most at risk of substance abuse or  
8 violence;

9       (3) An explanation of the community-wide strategy for prevention,  
10 treatment, and law enforcement activities related to substance abuse or  
11 violence with particular attention to those who are most severely  
12 impacted and those most at risk of substance abuse or violence;

13       (4) Explanation of who was involved in development of the strategy  
14 and what specific commitments have been made to carrying it out;

15       (5) Identification of existing prevention, treatment, and law  
16 enforcement resources committed by the community, including financial  
17 and other support, and an explanation of how the community's strategy  
18 involves and builds on the efforts of existing organizations or  
19 coalitions that have been carrying out community efforts against  
20 substance abuse or violence;

21       (6) Identification of activities that address specific objectives  
22 in the strategy for which additional resources are needed;

23       (7) Identification of additional local resources, including public  
24 or private funds, donated goods or services, and other measurable  
25 commitments, that have been committed to the activities identified in  
26 subsection (6) of this section;

27       (8) Identification of activities which address specific  
28 objectives in the strategy for which funding is requested.  
29 Activities should be presented in priority order;

30       (9) Each activity for which funding is requested must be explained  
31 in sufficient detail to demonstrate:

32       (a) Feasibility through deliberative design, specific  
33 objectives, and realistic plan for implementation;

34       (b) A rationale for how this activity will achieve measurable  
35 results and how it will be evaluated;

36       (c) That funds requested are necessary and appropriate to  
37 effectively carry out the activity; and

38       (10) Identification of a fiscal agent meeting state requirements  
39 for each activity proposed for funding.

1       **Sec. 409.** RCW 43.270.060 and 1989 c 271 s 320 are each amended to  
2 read as follows:

3       The ((governor)) director of community, trade, and economic  
4 development shall make awards, subject to funds appropriated by the  
5 legislature, under the following terms:

6       (1) In order to be eligible for consideration, applications must  
7 demonstrate, at a minimum:

8       (a) That proposals submitted for funding are based on and address  
9 specific objectives contained in a coordinated strategy of prevention,  
10 treatment, and law enforcement against substance abuse or violence;

11       (b)(i) For applications for substance abuse prevention or  
12 intervention activities, evidence of active participation in  
13 preparation of the proposal and specific commitments to implementing  
14 the community-wide agenda by leadership from at least education, law  
15 enforcement, local government, tribal government, and treatment  
16 entities in the community, and the opportunity for meaningful  
17 involvement from others such as neighborhood and citizen groups,  
18 businesses, human service, health and job training organizations, and  
19 other key elements of the community, particularly those whose  
20 responsibilities in law enforcement, treatment, prevention, or other  
21 community efforts provide direct, ongoing contact with substance  
22 abusers, or those at risk for substance abuse; or

23       (ii) For applications for violence prevention or intervention  
24 activities, evidence of active participation of the community and  
25 specific commitments to implement the community-wide agenda by  
26 leadership from at least education, law enforcement, local government,  
27 and tribal organizations, and the opportunity for meaningful  
28 involvement from others such as neighborhood and citizen groups,  
29 businesses, human service, health and job training organizations, and  
30 other key elements of the community, particularly those that are  
31 involved in violence prevention or intervention activities;

32       (c) That they have met the requirements listed in RCW 43.270.050;

33       (d) Evidence of additional local resources committed to its  
34 strategy totaling at least twenty-five percent of funds awarded under  
35 this section. These resources may consist of public or private funds,  
36 donated goods or services, and other measurable commitments, including  
37 in-kind contributions such as volunteer services, materials, supplies,  
38 physical facilities or a combination thereof; and

1 (e) That the funds applied for, if received, will not be used to  
2 replace funding for existing activities.

3 (2) In order to encourage and reward communities which develop  
4 coordinated or complementary strategies within geographic areas which  
5 correspond to units of government with significant responsibilities in  
6 the area of substance abuse or violence prevention, up to fifty percent  
7 of funds appropriated for the purposes of this chapter may be awarded  
8 on a per capita basis to eligible applications reflecting coordinated  
9 strategy from a county area or group of county areas. The ((governor))  
10 director of community, trade, and economic development may establish  
11 minimum allotments per eligible county areas up to fifteen thousand  
12 dollars; and

13 (3) No less than fifty percent of funds appropriated under this  
14 chapter shall be awarded on a competitive basis for activities by  
15 communities not participating in a county-wide strategy and activities  
16 identified by county-wide strategies but not funded through per capita  
17 grants. Eligible applications will be assessed and compared by a peer  
18 review committee whose members have experience in prevention,  
19 treatment, law enforcement, and other community efforts against  
20 substance abuse or violence using the following criteria:

21 (a) The extent and impact of substance abuse or violence;

22 (b) The extent to which key elements of the community are involved  
23 in and committed to the coordinated strategy;

24 (c) The extent of commitments of local resources to the coordinated  
25 strategy;

26 (d) The extent to which any activities in a community's strategy  
27 offer an innovative approach to a chronic, wide-spread problem.

28 The peer review committee will advise the ((governor)) director of  
29 community, trade, and economic development on the extent to which each  
30 eligible applicant has met these criteria. The ((governor)) director  
31 of community, trade, and economic development will distribute available  
32 funds based on this information.

33 ~~(4) ((The governor shall distribute fifty percent of the initial~~  
34 ~~appropriation for the purposes of this chapter no later than October 1,~~  
35 ~~1989, and the remainder no later than July 1, 1990.~~

36 ~~(5))~~ Activities funded under this section may be considered for  
37 funding in future years, but will be considered under the same terms  
38 and criteria of new activities. Funding under this section shall not

1 constitute an obligation by the state of Washington to provide ongoing  
2 funding.

3 **Sec. 410.** RCW 43.270.070 and 1989 c 271 s 321 are each amended to  
4 read as follows:

5 The ((governor)) director of community, trade, and economic  
6 development shall ask communities for suggestions on state practices,  
7 policies, and priorities that would help communities implement their  
8 strategies against substance abuse or violence. The ((governor))  
9 director of community, trade, and economic development or appropriate  
10 agency officials shall review and respond to those suggestions making  
11 necessary changes where feasible, making recommendations to the  
12 legislature where appropriate, and providing an explanation as to why  
13 suggested changes cannot be accomplished, if the suggestions cannot be  
14 acted upon.

15 NEW SECTION. **Sec. 411.** The sum of one million five hundred  
16 thousand dollars, or as much thereof as may be necessary, is  
17 appropriated for the biennium ending June 30, 1995, from the general  
18 fund to the department of community, trade, and economic development  
19 for the purposes of sections 404 through 410 of this act.

## 20 **C. Community Policing Assistance**

21 NEW SECTION. **Sec. 412.** The department of community, trade, and  
22 economic development shall administer a grant program which makes  
23 matching grants to local governments under section 413 of this act to  
24 develop effective crime-fighting partnerships between law enforcement  
25 and the community using a problem-oriented approach.

26 NEW SECTION. **Sec. 413.** (1) Eligibility for matching grants under  
27 this section shall be limited to:

28 (a) Local governments that have developed an overall plan or  
29 strategy to address crime and related problems through community  
30 policing in designated community empowerment zones; and

31 (b) Community policing activities to address crime problems,  
32 including but not limited to multidisciplinary crime prevention teams,  
33 public education programs, neighborhood resource centers, and foot  
34 patrols.

1 (2) A grant of up to twenty percent of salaries and fringe benefits  
2 of additional newly sworn law enforcement officers, excluding overtime,  
3 for a three-year period may be made under this section to local  
4 governments.

5 (3) The department of community, trade, and economic development  
6 may enact rules to carry out this section.

7 (4) As used in this section, "community empowerment zone" has the  
8 same meaning as in section 101 of this act.

9 NEW SECTION. **Sec. 414.** The sum of five hundred thousand dollars,  
10 or as much thereof as may be necessary, is appropriated for the  
11 biennium ending June 30, 1995, from the general fund to the department  
12 of community, trade, and economic development for the purposes of  
13 sections 412 and 413 of this act.

14 **D. Homeownership Assistance for Law Enforcement Officers**

15 NEW SECTION. **Sec. 415.** A new section is added to chapter 43.185A  
16 RCW to read as follows:

17 (1) Notwithstanding the provisions of this chapter, for the period  
18 beginning July 1, 1994, through June 30, 1995, the department shall  
19 give preference to applications for projects that provide down payment  
20 or closing costs assistance to law enforcement officers who: (a)  
21 Purchase and occupy single-family residences, including condominiums,  
22 located in designated community empowerment zones; (b) are first-time  
23 home buyers; and (c) are considered low-income households. As used in  
24 this section, "community empowerment zone" has the same meaning as in  
25 section 101 of this act.

26 (2) The provisions of this chapter shall apply to grants awarded  
27 under this section.

28 (3) This section shall expire June 30, 1995.

29 NEW SECTION. **Sec. 416.** The sum of one hundred thousand dollars,  
30 or as much thereof as may be necessary, is appropriated for the  
31 biennium ending June 30, 1995, from the general fund to the department  
32 of community, trade, and economic development for the purpose of  
33 section 415 of this act.

34 **PART V. TECHNICAL PROVISIONS**

1        NEW SECTION.    **Sec. 501.**    (1) For the purposes of sections 101, 402,  
2    403, 405, 409 through 414, and 416 of this act, "department" and  
3    "department of community, trade, and economic development" mean the  
4    department of community development and "director" and "director of  
5    community, trade, and economic development" mean the director of  
6    community development.

7        (2) This section shall expire July 1, 1994.

8        NEW SECTION.    **Sec. 502.**    (1) Sections 1 and 101 of this act shall  
9    constitute a new chapter in Title 43 RCW.

10       (2) Sections 201 through 206 of this act shall constitute a new  
11    chapter in Title 82 RCW.

12       (3) Sections 301 through 304 of this act shall constitute a new  
13    chapter in Title 82 RCW.

14       (4) Sections 305 through 308 of this act shall constitute a new  
15    chapter in Title 50 RCW.

16       (5) Sections 412 and 413 of this act shall constitute a new chapter  
17    in Title 43 RCW.

18       NEW SECTION.    **Sec. 503.**    RCW 43.63A.700 and 43.63A.710 as amended  
19    by this act are each recodified as sections in the new chapter created  
20    by section 502(1) of this act.

21       NEW SECTION.    **Sec. 504.**    If any provision of this act or its  
22    application to any person or circumstance is held invalid, the  
23    remainder of the act or the application of the provision to other  
24    persons or circumstances is not affected.

25       NEW SECTION.    **Sec. 505.**    Part and subpart headings as used in this  
26    act do not constitute any part of the law.

27       NEW SECTION.    **Sec. 506.**    Sections 301 through 304 of this act shall  
28    take effect July 1, 1994.

29       NEW SECTION.    **Sec. 507.**    Sections 1, 101 through 103, 401 through  
30    416, and 501 of this act are necessary for the immediate preservation  
31    of the public peace, health, or safety, or support of the state  
32    government and its existing public institutions, and shall take effect  
33    immediately.

1        NEW SECTION.   **Sec. 508.**   Sections 1 and 101 through 103 of this act  
2   may be known and cited as the community empowerment act.

--- **END** ---