

# HOUSE BILL REPORT

## HB 2699

---

As Reported By House Committee On:  
Trade, Economic Development & Housing

**Title:** An act relating to community empowerment.

**Brief Description:** Creating a youthbuild violence prevention program.

**Sponsors:** Representatives Wineberry, Forner, J. Kohl, Schoesler, Appelwick, Long, Thibaudeau, Ballasiotes, Lemmon, L. Johnson, Campbell, Valle, Basich, Pruitt, Rayburn, Flemming, Kremen, Sheldon, Karahalios, Conway, Springer and Quall.

**Brief History:**

Reported by House Committee on:  
Trade, Economic Development & Housing, February 3, 1994,  
DPS.

---

### HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Wineberry, Chair; Shin, Vice Chair; Schoesler, Ranking Minority Member; Campbell; Conway; Morris; Quall; Sheldon; Springer and Valle.

**Minority Report:** Without recommendation. Signed by 3 members: Representatives Chandler, Assistant Ranking Minority Member; Backlund and Wood.

**Staff:** Kenny Pittman (786-7392).

**Background:** Washington is facing a crisis in rising levels of violence being committed by and against youth. The problem is not limited to the state's large urban areas, but is a problem in the state's small cities and rural areas.

The phenomenon of violence in our culture stems from a complex web of contributing factors that include, but is not limited to a lack of economic opportunities, child abuse, fractured communities, and drug abuse. In response to this problem, the state has developed a limited number of programs to address these factors.

These programs attempt to address local problems using the resources of government, business, and the community in a comprehensive, community-based approach. Examples of programs that are community-based include the Neighborhood Reinvestment Area Program, the Gang Risk Reduction and Intervention Pilot Program, the Community Mobilization Against Substance Abuse Program, and the Affordable Housing Program.

**Summary of Substitute Bill:** The YouthBuild Violence Prevention Act is enacted to provide a comprehensive, community-based approach to community empowerment and violence prevention.

#### Community Empowerment Zone Program

The Neighborhood Reinvestment Area Program is renamed the Community Empowerment Zone Program. The designation process for community empowerment zones, through the Department of Community, Trade, and Economic Development, is extended to February 1, 1995. The number of areas that can be designated community empowerment zones is increased from six to 10. An area that receives federal designation as an empowerment zone or enterprise community can apply to the state for dual designation under the state's community empowerment zone program.

#### Washington YouthBuild Program

The Washington YouthBuild Program is created in the Employment Security Department. The state may provide supplemental grants to organizations to implement a comprehensive program that provides education, job training, support services, leadership and employment skills to economically disadvantaged youth. Organizations eligible to receive assistance through the Washington YouthBuild program are limited to those eligible to provide education and employment training under federal or state employment training programs.

The Department of Employment Security, in cooperation with the Department of Community, Trade, and Economic Development, will make grants, equal to the lesser of \$300,000 or 25 percent of the total project costs, to organizations that provide: (1) education and job skills training services and activities to meet the needs of the participant; (2) counseling services and related activities; (3) supportive services and need-based stipends to participants; (4) activities designed to develop employment and leadership skills; and (5) wage stipends and benefits to participants.

Participation is limited to an individual: (1) that is 16 to 24 years of age, inclusive; (2) that has or is a member of a household with an income that is below 50 percent of the median income for the county; and (3) that has dropped out of high school.

Applicants with projects that use the resources of the Housing Assistance Program to provide construction employment opportunities to disadvantaged youth under the YouthBuild program will be given preference for project funding.

The Washington State Job Training Coordinating Council will advise the Employment Security Department on the development and implementation of the YouthBuild program.

#### Community Empowerment Zone Incentives

##### 1. Community and Business Partnership Tax Credits.

A business and occupation tax credit program is established for businesses making contributions to projects in community empowerment zones. The contribution must be made to a nonprofit organization that provides community service, crime prevention, education, job training, or housing assistance activities in community empowerment zones. The activity must be consistent with the community empowerment zone's five-year strategy.

The tax credit is based on 30 percent of the allowable contribution made by the business. The tax credit can be taken over a five-year period. No business can receive more than \$200,000 in tax credits in a single year. The total amount of tax credits that can be awarded in a biennium can not exceed \$2 million.

##### 2. Tax Deferrals and Tax Credits for Business Investments/Projects in Distressed Areas.

The term "neighborhood reinvestment areas" is replaced with "community empowerment zone" in the existing sales and use tax deferral program and business and occupation tax credit that is available under the distressed county program. Projects located in community empowerment zones require the full time employment positions to be filled with people who reside in the zone.

##### 3. Deductions for Business Loans in Community Empowerment Zones.

A business and occupation tax deduction is provided to financial institutions that make loans to bona fide

businesses located in a community empowerment zone. The interest received from the loans is not subject to the state's business and occupation tax.

5. Community Empowerment Technical Assistance.

The Department of Community, Trade, and Economic Development will provide technical assistance to support implementation of local community empowerment zone plans. The technical assistance includes, but is not limited to: commercial district revitalization techniques, technical and leadership skills training, and small business and entrepreneurial development.

6. At-Risk Youth Employment Tax Credits.

A business and occupation tax credit program is established for businesses that hire "at-risk" youth. An "at-risk" youth is defined as a person under the age of 18, who risks significant loss of social or economic opportunities, including those who are victims of violence, abuse and neglect, and reside in a community empowerment zone.

The tax credit is based on \$500 per 1,000 hours of employment by one or more at-risk youth in the business, or prorated by the number of hours of employment by at-risk youth. No business can receive more than \$10,000 in tax credits per year. (Revenue impact unknown)

Crime Prevention and Reduction

1. Youth Gangs.

The Gang Risk Prevention and Intervention Pilot Program is expanded to include local school districts or community organizations located in community empowerment zones. The state may provide additional grants and technical assistance to develop strategies designed to reduce the probability of youth gang activities at the local level.

2. Violence Prevention and Intervention.

The Community Mobilization Against Substance Abuse Program is expanded to include grants to communities to develop violence prevention and intervention strategies. The program is moved from the Office of the Governor to the Department of Community, Trade, and Economic Development. At a minimum, grant applications for violence prevention and intervention activities must include: (1) a description of a community's geographic area; (2) the extent of violence in the community; (3) evidence of active community

participation; and (4) identification of a community-wide strategy for the violence prevention and intervention.

Communities must provide at least a 25 percent match for any grant. Not more than 50 percent of the funds are to be awarded on a per capita basis, and not less than 50 percent through a competitive allocation process.

### 3. Community Policing Assistance.

The Department of Community, Trade, and Economic Development may make grants to local governments to develop effective crime-fighting partnerships between law enforcement and the community. The community policing assistance grants are limited: (1) to local governments that have developed an overall plan or strategy to address crime and related problems in a community empowerment zone; (2) to community policing activities such as multi-disciplinary crime prevention teams, public education programs, neighborhood resource centers, and foot patrols; and (3) up to 20 percent of salaries and fringe benefits of newly sworn law enforcement officers, excluding overtime, for a three-year period.

### 4. Homeownership Assistance for Law Enforcement Officers.

Until June 30, 1995, the Department of Community, Trade, and Economic Development, through the Affordable Housing program, will give preference to applications for projects that provide down payment or closing cost assistance to law enforcement officers. The program is limited to law enforcement officers who: (1) purchase and occupy single-family residences located in community empowerment zones; (2) are first-time home buyers; and (3) have income below 80 percent of the median income, adjusted for household size, for the county where the residence is located.

### 5. Gang Resistance Training for Law Enforcement Officers.

The state Criminal Justice Training Commission will provide training to local law enforcement officers in the effective implementation of gang resistance programs within their local school districts.

**Substitute Bill Compared to Original Bill:** The substitute bill: (1) allows tribal organizations to submit applications to designate community empowerment zones within federally recognized Indian reservation; (2) adds percentage of households on public assistance as a possible review criteria for designation as a community empowerment zone; (3) allows a tax deferral to the construction of an office of a power and light company within a community empowerment

zone; (4) targets tax deferrals and tax credits in community empowerment zones to full-time employment positions created for community empowerment zone residents; (5) expands technical assistance to community empowerment zones to a variety of activities designed to support locally developed strategies; (6) gives preference to housing projects, in the Housing Assistance program, that provide construction employment opportunities to disadvantaged youth; and (7) directs the Criminal Justice Training Commission to provide training on gang resistance programs to local law enforcement officers.

**Fiscal Note:** Requested January 13, 1994.

**Effective Date of Substitute Bill:** Sections 1, 101 through 108, 201 through 203, and 501 contain an emergency clause and take effect immediately. The remainder of the bill takes effect ninety days after adjournment of session in which bill is passed.

**Appropriation:** The sum of \$7.45 million general fund - state.

**Testimony For:** (Bill that passed committee and companion measure) Approaches to end violence must include prevention, expanding skills of our youth, and increasing opportunities for all residents. This bill addresses those needs by allowing the community to develop strategies based on what works best for them. The YouthBuild program will give disadvantaged youth the opportunity to receive education and skills training while they rehabilitate housing that will be occupied by low-income or homeless people in the area.

**Testimony Against:** (Bill that passed committee and companion measure) None.

**Witnesses:** Laurie Lippold, Children's Alliance (pro - bill that passed); Mike Doubleday, city of Seattle (pro - bill that passed); Renecca Jackson, Dewillianne Briscoeway, and Tonishia Coleman (pro - companion measure); Meg Goldman, YouthBuild USA (pro - companion measure); John Epler, U.S. Department of Housing and Urban Development (pro - companion measure); Robert Dilger, Washington State Building & Construction Trade Council (pro - companion measure); Gerry Marsh, Carpenters District Council (pro - companion measure); Chris Parsons, Peace Action of Washington (pro - companion measure); and Fred Bletson, Central Area Motivation Program (pro - companion measure).