

**SENATE BILL REPORT**

**SB 6583**

**AS OF FEBRUARY 1, 1994**

**Brief Description:** Defining terms regarding distressed areas.

**SPONSORS:** Senator Sheldon

**SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT**

**Staff:** Jack Brummel (786-7428)

**Hearing Dates:** February 2, 1994

**BACKGROUND:**

The state of Washington has two distressed area tax incentive programs. The distressed area tax deferral program was enacted in 1985 and defers sales and use taxes on construction costs and acquisition of machinery and equipment in distressed areas. The deferrals extend from the beginning of a project until three years after its completion. Under the business and occupation tax credit program, businesses engaging in manufacturing or research and development activities in distressed areas are eligible for a B&O tax credit for each year in which they have a 15 percent growth in employees.

The state also provides the resources of the Department of Community Development's community revitalization team to communities, businesses, and organizations in distressed areas.

The definition of distressed areas does not include defense dependent communities which may have received recent announcements on cutbacks in defense-related jobs.

**SUMMARY:**

The definitions of a distressed area are changed to include defense dependent counties which have received notice of significant defense-related job reductions.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested January 31, 1994