

February 5, 1998

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development
FROM: Kenny Pittman, Research Analyst (786-7392)
RE: **HB 2906 - Defining distressed area for purposes of economic assistance.**

BACKGROUND:

The state of Washington has developed various incentives that are designed to assist in job creation or retention in economically distressed areas. The incentives available to businesses located in a distressed area include a sales and use tax exemption on equipment purchases and building construction, a tax credit for employee training, and a tax credit for job creation.

A distressed area is (a) a county with an unemployment rate that is 20 percent higher than the state unemployment rate for the previous 3 years; or (b) a county with a median income this is 75 percent of the state median income for the previous 3 years; or (c) a metropolitan statistical area (MSA) in which the average unemployment rate is 20 percent higher than the state unemployment rate for the previous year; or (d) a county designated as a rural natural resource impact area; or (e) a county designated by the Governor as an eligible area as a result of natural disaster, business closure, military base closure, or mass layoff.

SUMMARY:

The definition of distressed area– is modified to include a county that has a proportion of its population on medical assistance that is 40 percent or more above the state average for the previous three years.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.