

# HOUSE BILL REPORT

## SSB 6534

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**As Reported By House Committee On:**  
Trade & Economic Development

**Title:** An act relating to defining distressed area for purposes of economic assistance.

**Brief Description:** Defining areas of distress for purposes of economic assistance.

**Sponsors:** Senate Committee on Commerce & Labor (originally sponsored by Senators Loveland and Prince).

**Brief History:**

**Committee Activity:**

Trade & Economic Development: 2/23/98, 2/26/98 [DPA].

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Eickmeyer, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

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

**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 an economically distressed area include a sales and use tax exemption on equipment purchases and building construction, a tax credit for employee training, a tax credit for job creation, a state-shared sales and use tax, and various programs targeted to meet the social and economic needs of the community.

An economically distressed area is: (a) a county with an unemployment rate that is 20 percent higher than the state unemployment rate for the previous three years; or (b) a county with a median income that is 75 percent of the state median income for the previous three year period; 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 resources impact area; or (e) a timber impact area; or (f) 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 of Amended Bill:** The definition of distressed area, timber impact area, rural natural resources impact area, timber impact area, distressed county, and eligible area is modified to include: (a) 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; and (b) a county with a population of less than 5,000 that is contiguous to three or more counties that have unemployment rates that are 20 percent higher than the state's average unemployment rate for the previous three years.

**Amended Bill Compared to Substitute Bill:** The amendment: (a) removes the countywide community empowerment zone designation for counties based on the proportion of their population on medical assistance; and (b) includes a county with a population of less than 5,000 that is contiguous to three or more counties that have unemployment rates that are 20 percent higher than the state's average unemployment rate for the previous three years.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill allows Asotin County access to the various financial and technical assistance through the state's distressed area program. The incentives will assist in creating an environment for job creation.

**Testimony Against:** None.

**Testified:** Senator Valoria Loveland, prime sponsor (pro).