

February 23, 1998

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development

FROM: Kenny Pittman, Research Analyst (786-7392)

RE: **SSB 6534 - Defining areas of distress 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 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:

The definition of distressed area, timber impact area, rural natural resources impact area, timber impact area, distressed county, and eligible area are all 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.

The Department of Community, Trade, and Economic Development may designate as a community empowerment zone 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: Available.

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