

# SENATE BILL REPORT

## ESHB 1283

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As Reported By Senate Committee On:  
Commerce & Labor, April 1, 1997

**Title:** An act relating to funding for business and economic development programs.

**Brief Description:** Providing funding for business and economic development programs.

**Sponsors:** House Committee on Trade & Economic Development (originally sponsored by Representatives Mason, Van Luven, Veloria, Ballasiotes, Costa, Morris, Wood, Tokuda, Kessler, Scott and Blalock).

**Brief History:**

**Committee Activity:** Commerce & Labor: 3/31/97, 4/1/97 [DP-WM].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Schow, Chair; Horn, Vice Chair; Franklin, Heavey and Newhouse.

**Staff:** Patrick Woods (786-7430)

**Background:** Main Street Program: The current Main Street Program within the Department of Community, Trade, and Economic Development was designed to provide technical assistance to downtown and neighborhood commercial districts and to assist them in their revitalization efforts. The department provides administrative and clerical support to the Main Street Program and to local communities that are undertaking revitalization efforts under its general duties and powers.

Business and Occupation Tax Credit Program: The Business and Occupation (B&O) Tax Jobs Credit Program was created in 1986 as an incentive for manufacturing, research and development, and computer-related service businesses to create employment opportunities in economically distressed communities. Businesses in eligible areas that create new employment or increase an existing work force by 15 percent are allowed a B&O tax credit equal to \$2,000 for each new full-time employment position. No more than \$15 million in total credits against the state B&O tax are allowed per biennium. No single business may receive more than \$300,000 in credits over the life of the program.

Higher Education Business and Economic Development Programs: The Business and Economic Development Program of the University of Washington's School of Business focuses the resources of the university to increase economic opportunities in distressed areas. The available services include, but are not limited to: (1) technical assistance to business owners and associations; (2) research and analysis of economic development strategies; and (3) increased opportunities to increase business practices. In addition, the program provides an opportunity for students to acquire hands-on learning in operating a business.

**Summary of Bill: Main Street Program:** The Washington Main Street Program is created within the Department of Community, Trade, and Economic Development (DCTED) by statute. The department, in order to implement the program, is directed to: (1) provide technical assistance to businesses, property owners, organizations, and local governments on the design and development of a local revitalization strategy and program; (2) provide financial assistance, to the extent funds are available, to local governments or local organizations to assist in start-up costs, feasibility studies, marketing studies, and design assistance; (3) develop criteria for selecting recipients of financial assistance and designation of a local program; (4) operate the Main Street Program in accordance to the developed plan, in consultation with an advisory committee; (5) allow certification of local revitalization programs by local governments with populations greater than 100,000; and (6) conduct a study on possible financial incentives to assist in revitalization of commercial areas, and report its findings and recommendations to the appropriate committees of the Legislature by November 15, 1997.

**Business and Occupation Tax Credit Program:** The current Business and Occupation (B&O) Jobs Tax Credit Program requirement that a business must increase its existing work force by 15 percent to claim a tax credit is removed. The new standard requires that there be a net increase in employment over the previous year. The single business limitation of \$300,000 in credits over the life of the program is changed to \$295,000 per taxable year.

**Higher Education Business and Economic Development Programs:** The University of Washington and Washington State University are directed to conduct a study on the impact of their economic and business development programs and initiatives on economically distressed communities. The universities must analyze the economic impacts of the business development and technology transfer programs on creating economic opportunities for minority populations in Washington.

The universities must form separate advisory groups that are comprised of representatives of community-based organizations in distressed communities, including small business owners, financial institutions, insurance companies, local government, and other interested groups. The advisory committee is responsible for the review of program evaluation data collected by the individual universities.

Each individual university is required to prepare and submit a report with findings and recommendations based on the program evaluation data. The report is due by October 15, 1997, and must be submitted to the appropriate legislative committees of the House of Representatives and the Senate.

The individual universities must provide all administrative and clerical staffing for the advisory group.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The Main Street Program is an effective economic development tool for cities in Washington that should be authorized by the Legislature in state statute.

The existing economic development programs within the University of Washington are effective. The targeting of additional resources to assist distressed communities will enhance their effectiveness.

**Testimony Against:** None.

**Testified:** PRO: Randy Lewis, City of Tacoma; Linda Johnson, Kent Downtown Partnership; Kris Susee, Auburn Downtown Association; Linda Paronen, Olde Towne Shelton Association.