

FINAL BILL REPORT

2SSB 5740

PARTIAL VETO

C 366 L 97

Synopsis as Enacted

Brief Description: Assisting rural distressed areas.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Hargrove, Schow, Snyder, Morton, Hale, Prentice, Heavey, West, McDonald, Swanson, Spanel and Rasmussen).

Senate Committee on Commerce & Labor
Senate Committee on Ways & Means
House Committee on Trade & Economic Development
House Committee on Appropriations

Background: During the last decade, Washington's statewide economy has experienced significant growth. However, certain rural counties and communities, primarily those with significant natural resource industries, have encountered severe economic problems. This has resulted in above average unemployment and low business growth, or even decline, in numerous rural communities throughout the state.

In 1991, the Legislature put in place an array of distressed area assistance programs. A primary component of this initiative was the provision of unemployment benefits (timber retraining benefits) to workers undergoing approved training. In addition, communities and individuals were provided a comprehensive set of resources including: employment and training opportunities; mortgage and rental assistance; infrastructure development; and food bank assistance. These programs are scheduled to terminate on June 30, 1997.

Community leaders in rural areas consider reauthorizing existing programs, along with the establishment of a comprehensive business assistance plan, vitally important components in addressing the economic problems of their districts. The primary components of their business development strategy include: aggressive business recruitment and assistance; effective business tax incentives; increased infrastructure development; and providing a one-stop shop, along with streamlining business zoning, permitting and regulations.

Summary: The Rural Area Marketing Plan (RAMP) is established with the following goals: promote the ongoing operation and expansion of businesses in rural communities; attract new businesses to rural communities, and promote the development of family wage jobs in rural communities; and promote the development of communities of excellence in rural distressed areas of Washington.

A comprehensive array of economic development programs and tax incentives are provided as follows:

Business Assistance Programs. The Department of Community, Trade, and Economic Development is directed to emphasize business and economic development services to rural communities, including business recruitment and assistance; business zoning and permitting assistance; regulatory and ombudsman services; assisting rural communities in the establishment of enterprise and free trade zones; and promoting the redevelopment of hazardous industrial sites in rural communities.

Tax Incentives. Distressed County/Infrastructure Fund: Distressed rural counties are allowed to levy an infrastructure tax of .04 percent on sales, which is credited against the state sales tax.

Distressed County Employment/B&O Tax Credit: The current distressed B&O tax credit program is modified as follows: (a) the current requirement that a business must increase its workforce by 15 percent in order to meet eligibility requirements is deleted; (b) the individual company cap of \$300,000 is removed; (c) the program's termination date of July 1, 1998 is removed; and (d) \$4,000 in tax benefits per new employee is granted to companies, provided the individuals receive an annual wage of \$40,000 per year, including benefits.

Rural Enterprise Zones. Rural Enterprise Zones may be established by rural communities under guidelines established by the Department of Community, Trade, and Economic Development. The zones are established to facilitate streamlined zoning, permitting and regulatory requirements in order to rapidly respond to business growth opportunities. The zones receive in-depth assistance from the Department of Community, Trade, and Economic Development.

Evaluation. The Joint Legislative Audit and Review Committee is directed to design and implement an evaluation of the programs' effectiveness by November 1, 1999.

Votes on Final Passage:

Senate	49	0	
House	98	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: July 27, 1997

Partial Veto Summary: The following provisions were vetoed by the Governor: (a) The removal of the current requirement that a business increase its workforce by 15 percent in order to be eligible to participate in the program. This will maintain the program's existing 18 percent workforce requirement; and (b) the targeted Business Assistance Programs and services within the Department of Community, Trade, and Economic Development.