

# SENATE BILL REPORT

## SB 6534

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As Reported By Senate Committee On:  
Commerce & Labor, February 6, 1998

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

**Brief Description:** Defining distressed area for purposes of economic assistance.

**Sponsors:** Senators Loveland and Prince.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/2/98, 2/6/98 [DPS].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That Substitute Senate Bill No. 6534 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schow, Chair; Anderson, Franklin, Fraser and Heavey.

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

**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, low business growth and in certain rural communities economic decline.

In the late 1980s and early 1990s, the Legislature put in place an array of distressed area economic 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. The Legislature reauthorized these programs with modifications during the 1997 session.

In 1997, the Legislature also passed a Rural Assistance Marketing Program (RAMP) which increased the B&O tax credit for qualified employers in distressed counties that create jobs, and established a distressed county infrastructure fund by allowing distressed counties to retain a portion of their state sales taxes.

During the fall of 1997, Governor Locke sponsored a Rural Summit in Port Angeles, which recommended a series of public and private initiatives to assist rural communities. In addition, the Legislature is currently reviewing an additional economic assistance package to assist rural distressed communities.

There are currently several definitions of distressed area— for various programs in state statute. The array includes all or some of the following criteria:

1. A county with an unemployment rate that is 20 percent above the state average for the immediately preceding 3 years; or
2. A county with a median household income that is less than 75 percent of the state median household income for the previous 3 years; or
3. A metropolitan statistical area (MSA) in which the average level of unemployment for the calendar year immediately proceeding exceeds the average state unemployment for the calendar year by 20 percent; or
4. A designated community empowerment zone; or
5. A town with a population of less than 1,200 in those counties that are located in timber impact areas; or
6. A county designated by the Governor as an eligible area as a result of natural disaster, business closure, military base closure, or mass layoff; or
7. A county that is contiguous to a county that qualifies as eligible area under (1) or (6).

In recent years, certain rural counties that were previously considered distressed are no longer eligible for assistance under these definitions. However, certain counties continue to experience a depressed economic climate and have significantly higher rates of poverty than other parts of the state including currently defined distressed areas.—

One generally accepted indicator of poverty includes the percentage of individuals that receive medical assistance. Individuals that are eligible for medical assistance include all persons formerly eligible for Aid to Families with Dependent Children (AFDC) and currently eligible under the Temporary Assistance for Needy Families (TANF), and children under 200 percent of the federal poverty level.

**Summary of Substitute Bill:** The current definitions of distressed areas— and distressed counties— are modified to include a county that has the proportion of its population on medical assistance which is 40 percent or more above the state average for the previous three years.

**Substitute Bill Compared to Original Bill:** The new definition of distressed— is added to other portions of state statute dealing with counties. As a result, a county that qualifies under the new definition is eligible to participate in the full range of economic assistance programs including tax benefits, unemployment insurance benefits, trade assistance and tuition waivers.

**Appropriation:** None.

**Fiscal Note:** Requested on January 30, 1998.

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

**Testimony For:** This bill will greatly assist Asotin County that at one time was included under the state's distressed- definition. It no longer meets the current definition due to a minor increase in the median household income. However, it continues to have a high level of poverty and economic distress in the county.

**Testimony Against:** None.

**Testified:** Senator Loveland, prime sponsor (pro); Harold Abbe, AWPPW (pro); Sally Ledgerwood, Lewis-Clark EDA (pro).