
HOUSE BILL 1782

State of Washington

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By Representatives L. Thomas, Conway, Kastama, Mason, Regala, Kessler, Wood, Blalock, Poulsen, O'Brien, Constantine, Costa, Gombosky, Smith, Sullivan, Anderson, Murray, Grant, Mastin, Cody, Lantz and Pennington

Read first time 02/07/97. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to downtown and neighborhood commercial district
2 revitalization; adding a new section to chapter 82.04 RCW; adding a new
3 section to chapter 84.36 RCW; adding a new section to chapter 82.14
4 RCW; adding a new chapter to Title 43 RCW; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **PART I--LEGISLATIVE INTENT**

7 NEW SECTION. **Sec. 101.** (1) The legislature finds:

8 (a) The continued economic vitality of downtown and neighborhood
9 commercial districts in our state's cities are essential to community
10 preservation, social cohesion, and economic growth;

11 (b) In recent years there has been a deterioration of downtown and
12 neighborhood commercial districts in rural and urban communities due to
13 a shifting population base, changes in the marketplace, and greater
14 competition from suburban shopping malls and discount centers;

15 (c) This decline has eroded the ability of businesses and property
16 owners to renovate and enhance their commercial and residential
17 properties; and

1 (d) Business owners in these districts need to maintain their local
2 economies in order to provide goods and services to adjacent residents,
3 to provide employment opportunities, and to avoid disinvestment and
4 economic dislocations, and have developed downtown and neighborhood
5 commercial district revitalization programs to address these problems.

6 (2) It is the intent of the legislature to establish a program to:

7 (a) Work in partnership with these organizations;

8 (b) Provide technical assistance and training to local governments,
9 business organizations, downtown and neighborhood commercial district
10 organizations, and business and property owners to accomplish community
11 and economic revitalization and development of business districts; and

12 (c) Certify a downtown and neighborhood commercial district
13 organization's use of available tax incentives.

14 **PART II--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**
15 **REVITALIZATION INCENTIVES**

16 NEW SECTION. **Sec. 201.** A new section is added to chapter 82.04
17 RCW to read as follows:

18 (1) There may be credit against the tax imposed by this chapter,
19 the value of private contributions that are designed to assist in the
20 development and operation of a downtown and neighborhood commercial
21 district revitalization program.

22 (2) The credit allowed under this section is limited to an amount
23 equal to:

24 (a) Seventy-five percent of the value of the contribution that is
25 made directly, by the business, to a downtown and neighborhood
26 commercial district revitalization program; or

27 (b) Fifty percent of the value of the contribution that is made
28 directly, by the business, to the department of community, trade, and
29 economic development for distribution as financial or technical
30 assistance under section 302 of this act. The total credits allowed
31 under this section for an individual downtown and neighborhood
32 commercial district cannot exceed one hundred thousand dollars in a
33 calendar year. The total credits allowed under this section for a
34 business cannot exceed two hundred fifty thousand dollars in a calendar
35 year. The total credits allowed on a state-wide basis cannot exceed
36 two million dollars in a calendar year.

1 (3) Prior to claiming the credit under this section, the business
2 must obtain approval from the department of community, trade, and
3 economic development. The businesses' request for approval must
4 include a description of the contribution and the value of the
5 contribution.

6 (4) This section applies only to contributions for which an
7 application is approved on or after the effective date of this act.

8 (5) As used in this section:

9 (a) "Contribution" means either cash or other in-kind contributions
10 or both.

11 (b) "Downtown and neighborhood commercial district revitalization
12 program" means a program certified by the department of community,
13 trade, and economic development under sections 101 and 301 through 306
14 of this act.

15 NEW SECTION. **Sec. 202.** A new section is added to chapter 84.36
16 RCW to read as follows:

17 (1) A physical improvement to a commercial building upon real
18 property, that is located in an area designated by the department of
19 community, trade, and economic development under section 303 of this
20 act, is exempt from taxation for the ten assessment years subsequent to
21 the completion of the improvement, if the improvement meets the
22 guidelines established by the local downtown and neighborhood
23 commercial district revitalization program. A taxpayer desiring to
24 obtain the exemption granted by this section must file notice of their
25 intent to construct the improvement prior to the improvement being made
26 on forms prescribed by the department of revenue and furnished to the
27 taxpayer by the county assessor. This assessment cannot be claimed
28 more than once in a fifteen-year period. As used in this section,
29 "downtown and neighborhood commercial district revitalization program"
30 has the same meaning as in section 201 of this act.

31 (2) The department of revenue must adopt those rules as are
32 necessary to properly administer the provisions of this section.

33 NEW SECTION. **Sec. 203.** A new section is added to chapter 82.14
34 RCW to read as follows:

35 (1) The legislative authority of a local government may impose a
36 sales and use tax in accordance with the terms of this chapter. The
37 tax is in addition to other taxes authorized by law and shall be

1 collected from those persons who are taxable by the state under
2 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
3 within an eligible area of the local government. The rate of tax shall
4 not exceed two-tenths of one percent of the selling price in the case
5 of a sales tax or value of the article used in the case of a use tax.

6 (2) The tax imposed under subsection (1) of this section shall be
7 deducted from the amount of tax otherwise required to be collected or
8 paid to the department of revenue under chapter 82.08 or 82.12 RCW.
9 The department of revenue shall perform the collection of such taxes on
10 behalf of the county at no cost to the county.

11 (3) Moneys collected under this section shall only be used for the
12 purpose of paying the costs for a downtown and neighborhood commercial
13 district revitalization project in an eligible area.

14 (4) No tax may be collected under this section before January 1,
15 1998.

16 (5) Moneys collected under this section must be matched with one
17 dollar of local or private funds for every two dollars of funds
18 collected under this section.

19 (6) As used in this section:

20 (a) "Downtown and neighborhood commercial district revitalization
21 project" means: Public infrastructure improvements, including street
22 and utility improvements; professional management, planning, and
23 promotion within the eligible area, including the management and
24 promotion of retail trade activities in the eligible area; maintenance
25 and security for common or public areas in the eligible area; and
26 historic preservation activities authorized under RCW 35.21.395.

27 (b) "Eligible area" means a geographic area that has been
28 designated by the department of community, trade, and economic
29 development at the partner-level or associate-level under section 303
30 of this act.

31 (c) "Local government" means a city, code city, or town.

32 **PART III--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**
33 **REVITALIZATION PROGRAM**

34 NEW SECTION. **Sec. 301.** The definitions in this section apply
35 throughout this section and sections 101 and 302 through 306 of this
36 act unless the context clearly requires otherwise.

1 (1) "Area" means a geographic area within a local government that
2 is described by a close perimeter boundary.

3 (2) "Department" means the department of community, trade, and
4 economic development.

5 (3) "Director" means the director of community, trade, and economic
6 development.

7 (4) "Local government" means a city, code city, or town.

8 (5) "Qualified levels of participation" means a local downtown and
9 neighborhood commercial district revitalization effort that has been
10 certified by the department, as being at the participant-level,
11 associate-level, or partner-level.

12 NEW SECTION. **Sec. 302.** The Washington main street program is
13 created within the department. In order to implement the Washington
14 main street program, the department shall:

15 (1) Provide technical assistance to businesses, property owners,
16 organizations, and local governments undertaking a comprehensive
17 downtown and neighborhood commercial district revitalization and
18 management strategy within a specified area. Technical assistance
19 includes, but is not limited to: Initial site evaluations and
20 assessments; training for local programs; training for local program
21 staff; site visits and assessments by technical specialists; local
22 program design assistance and evaluation; and continued local program
23 on-site assistance;

24 (2) To the extent funds are made available, provide financial
25 assistance to local governments or local organizations to assist in
26 initial program start-up costs, specific project feasibility studies,
27 market studies, and design assistance;

28 (3) Develop objective criteria for selecting recipients of
29 financial assistance under subsection (1) of this section and providing
30 designation of a local program under section 303 of this act;

31 (4) Operate the Washington main street program in accordance with
32 the plan developed by the department, in consultation with the
33 Washington main street advisory committee created under section 304 of
34 this act;

35 (5) Allow certification of local downtown and neighborhood
36 commercial district revitalization programs by local governments with
37 a population greater than one hundred thousand; and

1 (6) Consider other factors the department deems necessary for the
2 implementation of this chapter.

3 NEW SECTION. **Sec. 303.** The department shall, by rule, adopt
4 criteria for the designation of local downtown and neighborhood
5 commercial district revitalization programs and official local main
6 street programs. The categories are limited to: Partner-level,
7 associate-level, and participant-level. In establishing the criteria,
8 the department shall consider:

9 (1) The degree of interest and commitment to downtown and
10 neighborhood commercial district revitalization and, where applicable,
11 historic preservation by both the public and private sectors;

12 (2) The evidence of potential private sector investment in the
13 downtown and neighborhood commercial district;

14 (3) Where applicable, a downtown and neighborhood commercial
15 district with sufficient historic fabric to become a foundation for an
16 enhanced community image;

17 (4) Organization and financial commitment to implement a long-term
18 downtown and neighborhood commercial district revitalization program
19 that includes a commitment to employ a professional project manager
20 with an operating budget;

21 (5) The department's existing downtown revitalization services tier
22 system;

23 (6) The national main street center's criteria for designating
24 official main street cities; and

25 (7) Other factors the department deems necessary for the
26 designation of a local program.

27 NEW SECTION. **Sec. 304.** (1) The Washington main street advisory
28 committee is created within the department. The members of the
29 advisory committee are appointed by the director and consist of:

30 (a) The director, or the director's designee, who shall serve as
31 chair;

32 (b) One representative of private industry councils;

33 (c) Two representatives of local governments;

34 (d) The chair of the governor's small business improvement council;

35 (e) Five representatives from existing main street programs or
36 downtown and neighborhood commercial district programs; and

1 (f) One representative of the Washington state office of
2 archaeology and historic preservation.

3 (2) The plan required under section 302 of this act must describe:

4 (a) The objectives and strategies of the Washington main street
5 program;

6 (b) How the Washington main street program will be coordinated with
7 existing federal, state, local, and private sector business development
8 and historic preservation efforts;

9 (c) The means by which private investment will be solicited and
10 employed;

11 (d) The methods of selecting and providing assistance to
12 participating local programs; and

13 (e) A means to solicit private contributions for state and local
14 operations of the Washington main street program.

15 NEW SECTION. **Sec. 305.** The Washington main street trust fund
16 account is created in the state treasury. All receipts from private
17 contributions, federal funds, legislative appropriations, and fees for
18 services, if levied, must be deposited into the account. Moneys in the
19 account may be spent only after appropriation. Expenditures from the
20 account may be used only for the operation of the Washington main
21 street program.

22 NEW SECTION. **Sec. 306.** Sections 101 and 301 through 306 of this
23 act may be known and cited as the Washington main street act.

24 **PART IV--TECHNICAL PROVISIONS**

25 NEW SECTION. **Sec. 401.** Sections 101 and 301 through 306 of this
26 act constitute a new chapter in Title 43 RCW.

27 NEW SECTION. **Sec. 402.** If any provision of this act or its
28 application to any person or circumstance is held invalid, the
29 remainder of the act or the application of the provision to other
30 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 403.** Part headings as used in this act
2 constitute no part of the law.

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