

5740-S2

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

Brief Title: Assisting rural distressed areas.

SB 5740-S2 - DIGEST

(DIGEST AS ENACTED)

Declares an intent of this act is to provide: (1) A strategically designed plan of assistance, emphasizing state, local, and private sector leadership and partnership;

(2) a comprehensive and significant array of business assistance, services, and tax incentives that are accountable and performance driven;

(3) an array of community assistance including infrastructure development and business retention, attraction, and expansion programs that will provide a competitive advantage to rural communities throughout Washington; and

(4) regulatory relief to reduce and streamline zoning, permitting, and regulatory requirements in order to enhance the capability of businesses to grow and prosper in rural communities.

Declares that the primary goals are to: (1) Promote the ongoing operation of business in rural communities;

(2) promote the expansion of existing businesses in rural communities;

(3) attract new businesses to rural communities;

(4) assist in the development of new businesses from within rural communities;

(5) provide family wage jobs to the citizens of rural communities; and

(6) promote the development of communities of excellence in rural communities.

Establishes provisions for tax incentives.

Provides for rural enterprise zones.

Requires the joint legislative audit and review committee to design an evaluation mechanism for economically distressed counties under this act and undertake an evaluation of the act's effectiveness by November 1, 1999. The agencies implementing the programs under this act shall assist the joint legislative audit and review committee evaluation.

Repeals RCW 82.62.040.

VETO MESSAGE ON SB 5740-S2

May 15, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 4, 7 and 8, Second Substitute Senate Bill No. 5740 entitled:

"AN ACT Relating to the rural area marketing plan;"

I strongly support of the goal of increasing employment in distressed areas of our state. However, I am not convinced that the mechanisms provided in sections 4, 7 and 8 are the best ways to achieve that goal.

Section 4 of the bill would delete the fifteen percent increase in average employment threshold required to qualify for the distressed areas B&O tax credit. As written in section 4, each additional position added by an employer would qualify for the tax credit. While each new job in a distressed area has value, many businesses would reap a windfall from this provision when they add employees that they would have added without the tax incentive. Some threshold that limits the tax benefit to significant expansions is necessary to make this kind of exemption fair.

Section 7 of the bill would give the director of the Department of Community, Trade, and Economic Development the authority to intervene in the day-to-day business of other state agencies. As a practical matter this approach would inevitably lead to conflict and confusion. A successful regulatory reform effort targeted in distressed areas of the state will require a more thoughtful and coordinated approach. My administration is committed to this type of reform and will work with the businesses of our state to improve this process.

Section 8 of the bill would require the creation of another state management position to oversee the implementation of this act. I have vetoed this section because I believe the Coordinator of the Governor's Rural Community Assistance Team should be the focal point for economic development initiatives in rural areas of the state. Section 8 would only serve to increase bureaucracy and reduce accountability.

For these reasons, I have vetoed sections 4, 7 and 8 of Second Substitute Senate Bill No. 5740.

With the exception of sections 4, 7 and 8, Second Substitute Senate Bill No. 5740 is approved.

Respectfully submitted,
Gary Locke
Governor