

2 **SHB 2460** - S AMD - 291  
3 By Senators Brown and Loveland

4 ADOPTED 3/9/00

5 On page 1, strike everything after the enacting clause and insert  
6 the following:

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

8 (a) There are geographic areas within communities that are  
9 characterized by a lack of employment opportunities, an average income  
10 level that is below the median income level for the surrounding  
11 community, a lack of affordable housing, deteriorating infrastructure,  
12 and a lack of facilities for community services, job training, and  
13 education;

14 (b) Strategies to encourage reinvestment in these areas by  
15 assisting local businesses to become stronger and area residents to  
16 gain economic power involve a variety of activities and partnerships;

17 (c) Reinvestment in these areas cannot be accomplished with only  
18 governmental resources and require a comprehensive approach that  
19 integrates various incentives, programs, and initiatives to meet the  
20 economic, physical, and social needs of the area;

21 (d) Successful reinvestment depends on a local government's ability  
22 to coordinate public resources in a cohesive, comprehensive strategy  
23 that is designed to leverage long-term private investment in an area;

24 (e) Reinvestment can strengthen the overall tax base through  
25 increased tax revenue from expanded and new business activities and  
26 physical property improvement;

27 (f) Local governments, in cooperation with area residents, can  
28 provide leadership as well as planning and coordination of resources  
29 and necessary supportive services to address reinvestment in the area;  
30 and

31 (g) It is in the public interest to adopt a targeted approach to  
32 revitalization and enlist the resources of all levels of government,  
33 the private sector, community-based organizations, and community  
34 residents to revitalize an area.

35 (2) The legislature declares that the purposes of the community  
36 empowerment zone act are to:

1 (a) Encourage reinvestment through strong partnerships and  
2 cooperation between all levels of government, community-based  
3 organizations, area residents, and the private sector;

4 (b) Involve the private sector and stimulate private reinvestment  
5 through the judicious use of public resources;

6 (c) Target governmental resources to those areas of greatest need;  
7 and

8 (d) Include all levels of government, community individuals,  
9 organizations, and the private sector in the policy-making process.

10 NEW SECTION. **Sec. 2.** The definitions in this section apply  
11 throughout this chapter unless the context clearly requires otherwise:

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

14 (2) "Community empowerment zone" means an area meeting the  
15 requirements of RCW 43.63A.700 (as recodified by this act) and  
16 officially designated by the director.

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

19 (4) "Director" means the director of the department of community,  
20 trade, and economic development.

21 (5) "Local government" means a city, code city, town, or county.

22 **Sec. 3.** RCW 43.63A.700 and 1994 sp.s. c 7 s 702 are each amended  
23 to read as follows:

24 (1) The department, in cooperation with the department of revenue,  
25 the employment security department, and the office of financial  
26 management, (~~shall~~) may approve applications submitted by local  
27 governments for an area's designation as a community empowerment zone  
28 under this (~~section~~) chapter. The application for designation shall  
29 be in the form and manner and contain such information as the  
30 department may prescribe, provided that the application (~~for~~  
31 ~~designation~~) shall:

32 (a) Contain information sufficient for the director to determine if  
33 the criteria established in RCW 43.63A.710 (as recodified by this act)  
34 have been met(~~(-)~~)i

35 (b) Be submitted on behalf of the local government by its chief  
36 elected official, or, if none, by the governing body of the local  
37 government(~~(-)~~)i

1 (c) Contain a five-year community empowerment plan that ((describes  
2 the proposed designated community empowerment zone's community  
3 development needs and present a strategy for meeting those needs. The  
4 plan shall address the following categories: Housing needs; public  
5 infrastructure needs, such as transportation, water, sanitation,  
6 energy, and drainage/flood control; other public facilities needs, such  
7 as neighborhood facilities or facilities for provision of health,  
8 education, recreation, public safety, or other services; community  
9 economic development needs, such as commercial/industrial  
10 revitalization, job creation and retention considering the unemployment  
11 and underemployment of area residents, accessibility to financial  
12 resources by area residents and businesses, investment within the area,  
13 or other related components of community economic development; and  
14 social service needs.

15 The local government is required to provide a description of its  
16 strategy for meeting the needs identified in this subsection (1)(c).  
17 As part of the strategy, the local government is required to identify  
18 the needs for which specific plans are currently in place and the  
19 source of funds expected to be used. For the balance of the area's  
20 needs, the local government must identify the source of funds expected  
21 to become available during the next two-year period and actions the  
22 local government will take to acquire those funds.)) meets the  
23 requirements of section 5 of this act; and

24 (d) Certify that ((neighborhood)) area residents were given the  
25 opportunity to participate in the development of the five-year  
26 community empowerment strategy required under ((c) of this  
27 subsection)) section 5 of this act.

28 (2) No local government shall submit more than two  
29 ((neighborhoods)) areas to the department for possible designation as  
30 a ((designated)) community empowerment zone under this ((section))  
31 chapter.

32 (3)(a) ((Within ninety days after January 1, 1994,)) The director  
33 may designate up to six ((designated)) community empowerment zones,  
34 state-wide, from among the applications ((eligible)) submitted for  
35 designation as a ((designated)) community empowerment zone.

36 (b) The director shall make determinations of designated community  
37 empowerment zones on the basis of the following factors:

1 (i) The strength and quality of the local government commitments to  
2 meet the needs identified in the five-year community empowerment plan  
3 required under ~~((this))~~ section 5 of this act.

4 (ii) The level of private ~~((commitments by private entities))~~  
5 sector commitment of additional resources and contribution to the  
6 ~~((designated))~~ community empowerment zone.

7 (iii) The potential for revitalization of the area as a result of  
8 designation as a ~~((designated))~~ community empowerment zone.

9 (iv) Other factors the director deems necessary.

10 (c) The determination of the director as to the areas designated as  
11 community empowerment zones shall be final.

12 (4) Except as provided in section 6 of this act, an area that was  
13 designated a community empowerment zone before January 1, 1996, under  
14 this section, automatically and without additional action by the local  
15 government continues its designation under this chapter.

16 (5) The department may not designate additional community  
17 empowerment zones after January 1, 2004, but may amend or rescind  
18 designation of community empowerment zones in accordance with section  
19 6 of this act.

20 **Sec. 4.** RCW 43.63A.710 and 1994 sp.s. c 7 s 703 are each amended  
21 to read as follows:

22 (1) The director may not designate an area as a ~~((designated))~~  
23 community empowerment zone unless that area meets the following  
24 requirements:

25 (a) The area must be designated by the legislative authority of the  
26 local government as an area to receive federal, state, and local  
27 assistance designed to increase economic, physical, or social activity  
28 in the area;

29 (b) The area must have at least fifty-one percent of the households  
30 in the area with incomes at or below eighty percent of the county's  
31 median income, adjusted for household size;

32 (c) The average unemployment rate for the area, for the most recent  
33 twelve-month period for which data is available must be at least one  
34 hundred twenty percent of the average unemployment rate of the county;  
35 and

36 (d) A five-year community empowerment plan for the area that meets  
37 the requirements of ~~((RCW 43.63A.700(1)(c) and as further defined by~~  
38 ~~the director))~~ section 5 of this act must be adopted.

1 (2) The director may establish, by rule, such other requirements as  
2 the director may reasonably determine necessary and appropriate to  
3 assure that the purposes of this (~~section~~) chapter are satisfied.

4 (3) In determining if an area meets the requirements of this  
5 section, the director may consider data provided by the United States  
6 bureau of the census from the most recent census or any other reliable  
7 data that the director determines to be acceptable for the purposes for  
8 which the data is used.

9 NEW SECTION. Sec. 5. (1) The five-year community empowerment plan  
10 required under RCW 43.63A.700 (as recodified by this act) shall contain  
11 information that describes the community development needs of the  
12 proposed community empowerment zone and present a strategy for meeting  
13 those needs. The plan shall address the following categories:

14 (a) Housing needs for all economic segments of the proposed  
15 community empowerment zone;

16 (b) Public infrastructure needs, such as transportation, water,  
17 sanitation, energy, and drainage and flood control;

18 (c) Other public facilities needs, such as neighborhood facilities  
19 or facilities for the provision of health, education, recreation,  
20 public safety, and other services;

21 (d) Community economic development needs, such as commercial and  
22 industrial revitalization, job creation and retention considering the  
23 unemployment and underemployment of area residents, accessibility to  
24 financial resources by area residents and businesses, investment within  
25 the area, and other related components of community economic  
26 development; and

27 (e) Social service needs of residents in the proposed community  
28 empowerment zone.

29 (2) The local government must provide a description of its strategy  
30 for meeting the needs identified in subsection (1) of this section. As  
31 part of the community empowerment zone strategy, the local government  
32 must identify the needs for which specific plans are currently in place  
33 and the source of funds expected to be used. For the balance of the  
34 area's needs, the local government must identify the source of funds  
35 expected to become available during the next two-year period and  
36 actions the local government will take to acquire those funds.

37 (3) The local government must submit an annual progress report to  
38 the department that details the extent to which the local government is

1 working to meet the needs identified in the five-year community  
2 empowerment plan. If applicable, the progress report must also contain  
3 a discussion on the impediments to meeting the needs outlined in the  
4 five-year community empowerment plan. The department must determine  
5 the date the annual progress reports are due from each local  
6 government.

7 NEW SECTION. **Sec. 6.** (1) The terms or conditions of a community  
8 empowerment zone approved under this chapter may be amended to:

9 (a) Alter the boundaries of the community empowerment zone; or

10 (b) Terminate the designation of a community empowerment zone.

11 (2)(a) A request for an amendment under subsection (1)(a) of this  
12 section may not be in effect until the department issues an amended  
13 designation for the community empowerment zone that approves the  
14 requested amendment. The local government must promptly file with the  
15 department a request for approval that contains information the  
16 department deems necessary to evaluate the proposed changes and its  
17 impact on the area's designation as a community empowerment zone under  
18 RCW 43.63A.710 (as recodified by this act). The local government must  
19 hold at least two public hearings on the proposed changes and include  
20 the information in its request for an amendment to its community  
21 empowerment zone.

22 (b) The department shall approve or disapprove a proposed amendment  
23 to a community empowerment zone within sixty days of its receipt of a  
24 request under subsection (1)(a) of this section. The department may  
25 not approve changes to a community empowerment zone that are not in  
26 conformity with this chapter.

27 (3)(a) The termination of an area's designation as a community  
28 empowerment zone under subsection (1)(b) of this section is not  
29 effective until the department issues a finding stating the reasons for  
30 the termination, which may include lack of commitment of resources to  
31 activities in the community empowerment zone by the public, private,  
32 and community-based sectors. The local government may file an appeal  
33 to the department's findings within sixty days of the notice to  
34 terminate the area's designation. The department must notify the local  
35 government of the results within thirty days of the filing of the  
36 appeal.

37 (b) A termination of an area's designation as a community  
38 empowerment zone has no effect on benefits previously extended to

1 individual businesses. The local government may not commit benefits to  
2 a business after the effective date of the termination of an area's  
3 designation as a community empowerment zone.

4 (4) The department may request applications from local governments  
5 for designation as community empowerment zones under this chapter as a  
6 result of a termination of an area's designation as a community  
7 empowerment zone under this section.

8 NEW SECTION. **Sec. 7.** The department must administer this chapter  
9 and has the following powers and duties:

10 (1) To monitor the implementation of chapter . . . , Laws of 2000  
11 (this act) and submit reports evaluating the effectiveness of the  
12 program and any suggestions for legislative changes to the governor and  
13 legislature by December 1, 2000;

14 (2) To develop evaluation and performance measures for local  
15 governments to measure the effectiveness of the program at the local  
16 level on meeting the objectives of this chapter;

17 (3) To provide information and appropriate assistance to persons  
18 desiring to locate and operate a business in a community empowerment  
19 zone;

20 (4) To work with appropriate state agencies to coordinate the  
21 delivery of programs, including but not limited to housing, community  
22 and economic development, small business assistance, social service,  
23 and employment and training programs which are carried on in a  
24 community empowerment zone; and

25 (5) To develop rules necessary for the administration of this  
26 chapter.

27 NEW SECTION. **Sec. 8.** The administration of a community  
28 empowerment zone is under the jurisdiction of the local government.  
29 Each local government must, by ordinance, designate a community  
30 empowerment zone administrator for the area designated as a community  
31 empowerment zone that is within its jurisdiction. A community  
32 empowerment zone administrator must be an officer or employee of the  
33 local government. The community empowerment zone administrator is the  
34 liaison between the local government, the department, the business  
35 community, and labor and community-based organizations within the  
36 community empowerment zone.

1           NEW SECTION.   **Sec. 9.** This chapter may be known and cited as the  
2 Washington community empowerment zone act.

3           NEW SECTION.   **Sec. 10.** Sections 1, 2, and 5 through 9 of this act  
4 constitute a new chapter in Title 43 RCW.

5           NEW SECTION.   **Sec. 11.** RCW 43.63A.700 and 43.63A.710, as amended  
6 by this act, are each recodified as sections in chapter 43.-- RCW  
7 (sections 1, 2, and 5 through 9 of this act).

8           NEW SECTION.   **Sec. 12.** If any part of this act is found to be in  
9 conflict with federal requirements that are a prescribed condition to  
10 the allocation of federal funds to the state, the conflicting part of  
11 this act is inoperative solely to the extent of the conflict and with  
12 respect to the agencies directly affected, and this finding does not  
13 affect the operation of the remainder of this act in its application to  
14 the agencies concerned. Rules adopted under this act must meet federal  
15 requirements that are a necessary condition to the receipt of federal  
16 funds by the state.

17           **Sec. 13.** RCW 82.60.049 and 1999 c 164 s 304 are each amended to  
18 read as follows:

19           (1) For the purposes of this section:

20           (a) "Eligible area" also means a designated community empowerment  
21 zone approved before January 1, 2000, under RCW 43.63A.700 or a county  
22 containing a community empowerment zone approved before January 1,  
23 2000.

24           (b) "Eligible investment project" also means an investment project  
25 in an eligible area as defined in this section.

26           (2) In addition to the provisions of RCW 82.60.040, the department  
27 shall issue a sales and use tax deferral certificate for state and  
28 local sales and use taxes due under chapters 82.08, 82.12, and 82.14  
29 RCW, on each eligible investment project that is located in an eligible  
30 area, if the applicant establishes that at the time the project is  
31 operationally complete:

32           (a) The applicant will hire at least one qualified employment  
33 position for each seven hundred fifty thousand dollars of investment on  
34 which a deferral is requested; and



1 (b) The positions will be filled by persons who at the time of hire  
2 are residents of the community empowerment zone in which the project is  
3 located. As used in this subsection, "resident" means the person makes  
4 his or her home in the community empowerment zone. A mailing address  
5 alone is insufficient to establish that a person is a resident for the  
6 purposes of this section. The persons must be hired after the date the  
7 application is filed with the department.

8 (3) All other provisions and eligibility requirements of this  
9 chapter apply to applicants eligible under this section.

10 (4) If a person does not meet the requirements of this section by  
11 the end of the calendar year following the year in which the project is  
12 certified as operationally complete, all deferred taxes are immediately  
13 due.

14 NEW SECTION. **Sec. 14.** If any provision of this act or its  
15 application to any person or circumstance is held invalid, the  
16 remainder of the act or the application of the provision to other  
17 persons or circumstances is not affected."

18 Renumber the sections consecutively and correct any internal  
19 references accordingly.

20 **SHB 2460** - S AMD - 291  
21 By Senators Brown and Loveland

22 ADOPTED 3/9/00

23 On page 1, on line 1 of the title, after "zones;" strike the  
24 remainder of the title and insert "amending RCW 43.63A.700,  
25 43.63A.710, and 82.60.049; adding a new chapter to Title 43 RCW;  
26 creating new sections; and recodifying RCW 43.63A.700 and 43.63A.710."

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