
HOUSE BILL 1311

State of Washington

56th Legislature

1999 Regular Session

By Representatives Lantz, Rockefeller, Eickmeyer, Huff, Haigh,
K. Schmidt and Murray

Read first time 01/21/1999. Referred to Committee on Economic
Development, Housing & Trade.

1 AN ACT Relating to governor designation of distressed areas; and
2 amending RCW 43.168.020, 82.62.010, and 82.60.047.

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

4 **Sec. 1.** RCW 43.168.020 and 1996 c 290 s 3 are each amended to read
5 as follows:

6 Unless the context clearly requires otherwise, the definitions in
7 this section apply throughout this chapter.

8 (1) "Committee" means the Washington state development loan fund
9 committee.

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

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

14 (4) "Distressed area" means: (a) A county which has an
15 unemployment rate which is twenty percent above the state average for
16 the immediately previous three years; (b) a county that has a median
17 household income that is less than seventy-five percent of the state
18 median household income for the previous three years; (c) a
19 metropolitan statistical area, as defined by the office of federal

1 statistical policy and standards, United States department of commerce,
2 in which the average level of unemployment for the calendar year
3 immediately preceding the year in which an application is filed under
4 this chapter exceeds the average state unemployment for such calendar
5 year by twenty percent; (d) an area within a county, which area: (i)
6 Is composed of contiguous census tracts; (ii) has a minimum population
7 of five thousand persons; (iii) has at least seventy percent of its
8 families and unrelated individuals with incomes below eighty percent of
9 the county's median income for families and unrelated individuals; and
10 (iv) has an unemployment rate which is at least forty percent higher
11 than the county's unemployment rate; (~~(e)~~) (e) a county designated by
12 the governor as a distressed area or an eligible area under RCW
13 82.60.047; or (f) a county designated as a rural natural resources
14 impact area under RCW 43.31.601 if an application is filed by July 1,
15 1997. For purposes of this definition, "families and unrelated
16 individuals" has the same meaning that is ascribed to that term by the
17 federal department of housing and urban development in its regulations
18 authorizing action grants for economic development and neighborhood
19 revitalization projects.

20 (5) "Fund" means the Washington state development loan fund.

21 (6) "Local development organization" means a nonprofit organization
22 which is organized to operate within an area, demonstrates a commitment
23 to a long-standing effort for an economic development program, and
24 makes a demonstrable effort to assist in the employment of unemployed
25 or underemployed residents in an area.

26 (7) "Project" means the establishment of a new or expanded business
27 in an area which when completed will provide employment opportunities.
28 "Project" also means the retention of an existing business in an area
29 which when completed will provide employment opportunities.

30 **Sec. 2.** RCW 82.62.010 and 1996 c 290 s 5 are each amended to read
31 as follows:

32 Unless the context clearly requires otherwise, the definitions in
33 this section apply throughout this chapter.

34 (1) "Applicant" means a person applying for a tax credit under this
35 chapter.

36 (2) "Department" means the department of revenue.

37 (3) "Eligible area" means: (a) A county in which the average level
38 of unemployment for the three years before the year in which an

1 application is filed under this chapter exceeds the average state
2 unemployment for those years by twenty percent; (b) a county that has
3 a median household income that is less than seventy-five percent of the
4 state median household income for the previous three years; (c) a
5 metropolitan statistical area, as defined by the office of federal
6 statistical policy and standards, United States department of commerce,
7 in which the average level of unemployment for the calendar year
8 immediately preceding the year in which an application is filed under
9 this chapter exceeds the average state unemployment for such calendar
10 year by twenty percent; (d) a designated community empowerment zone
11 approved under RCW 43.63A.700; ~~((e))~~ (e) a county designated by the
12 governor as a distressed area or an eligible area under RCW 82.60.047;
13 or (f) subcounty areas in those counties that are not covered under (a)
14 of this subsection that are timber impact areas as defined in RCW
15 43.31.601.

16 (4)(a) "Eligible business project" means manufacturing or research
17 and development activities which are conducted by an applicant in an
18 eligible area at a specific facility, provided the applicant's average
19 full-time qualified employment positions at the specific facility will
20 be at least fifteen percent greater in the year for which the credit is
21 being sought than the applicant's average full-time qualified
22 employment positions at the same facility in the immediately preceding
23 year.

24 (b) "Eligible business project" does not include any portion of a
25 business project undertaken by a light and power business as defined in
26 RCW 82.16.010(5) or that portion of a business project creating
27 qualified full-time employment positions outside an eligible area or
28 those recipients of a sales tax deferral under chapter 82.61 RCW.

29 (5) "Manufacturing" means all activities of a commercial or
30 industrial nature wherein labor or skill is applied, by hand or
31 machinery, to materials so that as a result thereof a new, different,
32 or useful substance or article of tangible personal property is
33 produced for sale or commercial or industrial use and shall include the
34 production or fabrication of specially made or custom made articles.
35 "Manufacturing" also includes computer programming, the production of
36 computer software, and other computer-related services, and the
37 activities performed by research and development laboratories and
38 commercial testing laboratories.

39 (6) "Person" has the meaning given in RCW 82.04.030.

1 (7) "Qualified employment position" means a permanent full-time
2 employee employed in the eligible business project during the entire
3 tax year.

4 (8) "Tax year" means the calendar year in which taxes are due.

5 (9) "Recipient" means a person receiving tax credits under this
6 chapter.

7 (10) "Research and development" means the development, refinement,
8 testing, marketing, and commercialization of a product, service, or
9 process before commercial sales have begun. As used in this
10 subsection, "commercial sales" excludes sales of prototypes or sales
11 for market testing if the total gross receipts from such sales of the
12 product, service, or process do not exceed one million dollars.

13 **Sec. 3.** RCW 82.60.047 and 1994 sp.s. c 1 s 9 are each amended to
14 read as follows:

15 The governor is authorized to designate a county as an eligible
16 area for purposes of chapter 43.168 RCW, chapter 82.62 RCW, and this
17 chapter if, as a result of: (1) A natural disaster or business or
18 military base closure or mass layoff, the twelve-month average
19 unemployment rate using the projected level of new unemployment in the
20 county over the ensuing twelve months added to the base unemployment
21 level in the county for the preceding twelve months will exceed the
22 previous twelve-month average state unemployment rate by forty percent,
23 or (2) a military base restructuring, the county has a loss of more
24 than five thousand jobs over the previous seven-year period. The
25 designation shall be effective for a period of (~~twelve~~) twenty-four
26 months.

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