



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, to avoid disinvestment and  
4 economic dislocations, and to develop 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 or 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 for  
19 private contributions that are designed to assist in the development  
20 and operation of a downtown and neighborhood commercial district  
21 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.

31 (3) The total credits allowed under this section for an individual  
32 downtown and neighborhood commercial district cannot exceed one hundred  
33 thousand dollars in a calendar year. The total credits allowed under  
34 this section for a business cannot exceed two hundred fifty thousand  
35 dollars in a calendar year. The total credits allowed on a state-wide  
36 basis cannot exceed two million dollars in a calendar year.

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

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

7 (6) As used in this section:

8 (a) "Contribution" means cash contributions.

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

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

15 (1) A physical improvement to a commercial building upon real  
16 property, that is located within a downtown or neighborhood commercial  
17 district revitalization program's boundaries identified and approved by  
18 the department of community, trade, and economic development under  
19 section 303 of this act, is exempt from taxation for the ten assessment  
20 years subsequent to the completion of the improvement, if the  
21 improvement meets the guidelines established by the local downtown and  
22 neighborhood commercial district revitalization program. In addition,  
23 for buildings that meet the definition of historic property as defined  
24 in RCW 84.26.020, the improvements must be consistent with the  
25 definition of rehabilitation as defined in RCW 84.26.020, and adhere to  
26 the historic preservation process and guidelines adopted by the  
27 community. A taxpayer desiring to obtain the exemption granted by this  
28 section must file notice of their intent to construct the improvement  
29 prior to the improvement being made on forms prescribed by the  
30 department of revenue and furnished to the taxpayer by the county  
31 assessor. This exemption cannot be claimed more than once in a  
32 fifteen-year period. As used in this section, "downtown or  
33 neighborhood commercial district revitalization program" has the same  
34 meaning as in section 201 of this act.

35 (2) The department of revenue shall adopt rules necessary to  
36 properly administer the provisions of this section.

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

3        (1) The legislative authority of an eligible local government may  
4 impose a sales and use tax in accordance with the terms of this  
5 chapter. The tax is in addition to other taxes authorized by law and  
6 shall be collected from those persons who are taxable by the state  
7 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable  
8 event within the boundaries of the eligible local government. The rate  
9 of tax shall not exceed: (a) .035 of one percent of the selling price  
10 in the case of a sales tax or value of the article used in the case of  
11 a use tax in those cities under one hundred thousand in population that  
12 include a designated partner-level or associate-level program under the  
13 main street program; and (b) .0095 of one percent of the selling price  
14 in the case of a sales tax or value of the article used in the case of  
15 a use tax in cities of over one hundred thousand in population.

16        The total tax collected under this section for an eligible local  
17 government shall not exceed four hundred thousand dollars in a calendar  
18 year.

19        (2) The tax imposed under subsection (1) of this section shall be  
20 deducted from the amount of tax otherwise required to be collected or  
21 paid to the department of revenue under chapter 82.08 or 82.12 RCW.  
22 The department of revenue shall perform the collection of taxes on  
23 behalf of the local government at no cost to the local government.

24        (3) Moneys collected under this section shall only be used for the  
25 purpose of paying the costs for a downtown or neighborhood commercial  
26 district revitalization project that is located within the boundaries  
27 identified and approved by the department of community, trade, and  
28 economic development under section 303 of this act.

29        (4) No tax may be collected under this section before January 1,  
30 2001.

31        (5) Moneys collected under this section shall not be used until two  
32 dollars of moneys collected are matched with one dollar of local  
33 government or private funds.

34        (6) As used in this section:

35        (a) "Downtown or neighborhood commercial district revitalization  
36 project" means: Public infrastructure improvements, including street  
37 and utility improvements; professional management, planning, and  
38 promotion within the eligible area, including the management and  
39 promotion of retail trade activities in the eligible area; maintenance

1 and security for common or public areas in the eligible area; and  
2 historic preservation activities authorized under RCW 35.21.395.

3 (b) "Eligible local government" means: (i) A local government  
4 working in conjunction with a downtown or neighborhood commercial  
5 district revitalization program designated by the department of  
6 community, trade, and economic development at the partner-level or  
7 associate-level under section 303 of this act; or (ii) a city of over  
8 one hundred thousand in population working in conjunction with a  
9 neighborhood commercial district that has been designated as eligible  
10 by the legislative authority of the city.

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

12 **PART III--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**  
13 **REVITALIZATION PROGRAM**

14 NEW SECTION. **Sec. 301.** The definitions in this section apply  
15 throughout this chapter unless the context clearly requires otherwise.

16 (1) "Area" means a geographic area within a local government that  
17 is described by a closed perimeter boundary.

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

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

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

23 (5) "Qualified levels of participation" means a local downtown or  
24 neighborhood commercial district revitalization effort that has been  
25 designated by the department, as being at the participant-level,  
26 associate-level, or partner-level.

27 NEW SECTION. **Sec. 302.** The Washington main street program is  
28 created within the department. In order to implement the Washington  
29 main street program, the department shall:

30 (1) Provide technical assistance to businesses, property owners,  
31 organizations, and local governments undertaking a comprehensive  
32 downtown and neighborhood commercial district revitalization and  
33 management strategy within a specified area. Technical assistance  
34 includes, but is not limited to, initial site evaluations and  
35 assessments, training for local programs, training for local program  
36 staff, site visits and assessments by technical specialists, local

1 program design assistance and evaluation, and continued local program  
2 on-site assistance;

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

7 (3) Develop objective criteria for selecting recipients of  
8 financial assistance under subsection (1) of this section and providing  
9 designation of local programs under section 303 of this act;

10 (4) Operate the Washington main street program in accordance with  
11 the plan developed by the department, in consultation with the  
12 Washington main street advisory committee created under section 304 of  
13 this act; and

14 (5) Consider other factors the department deems necessary for the  
15 implementation of this chapter.

16 NEW SECTION. **Sec. 303.** (1) The department shall, by rule, adopt  
17 criteria for the designation of local downtown or neighborhood  
18 commercial district revitalization programs and official local main  
19 street programs. In establishing the criteria, the department shall  
20 consider:

21 (a) The degree of interest and commitment to downtown or  
22 neighborhood commercial district revitalization and, where applicable,  
23 historic preservation by both the public and private sectors;

24 (b) The evidence of potential private sector investment in the  
25 downtown or neighborhood commercial district;

26 (c) Where applicable, a downtown or neighborhood commercial  
27 district with sufficient historic fabric to become a foundation for an  
28 enhanced community image;

29 (d) The capacity of the organization to undertake a comprehensive  
30 program and the financial commitment to implement a long-term downtown  
31 or neighborhood commercial district revitalization program that  
32 includes a commitment to employ a professional program manager and  
33 maintain a sufficient operating budget;

34 (e) The department's existing downtown revitalization program's  
35 tier system;

36 (f) The national main street center's criteria for designating  
37 official main street cities; and

1 (g) Other factors the department deems necessary for the  
2 designation of a local program.

3 (2) The department shall designate local downtown or neighborhood  
4 commercial district revitalization programs and official local main  
5 street programs. The programs shall be limited to the following three  
6 categories: Partner-level, associate-level, and participant-level.

7 (3) Sections 201, 202, and 203 of this act do not apply to any  
8 local downtown or neighborhood commercial district revitalization  
9 program unless the boundaries of the program have been identified and  
10 approved by the department. The boundaries of a local downtown or  
11 neighborhood commercial district revitalization program are typically  
12 limited to the pedestrian core area or the central commercial district.

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

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

18 (b) Two representatives of local governments;

19 (c) The chair of the governor's small business improvement council;

20 (d) Five representatives from existing main street programs or  
21 downtown and neighborhood commercial district programs; and

22 (e) One representative of the Washington state office of  
23 archaeology and historic preservation.

24 (2) The department shall develop a plan for the Washington main  
25 street program, in consultation with the Washington main street  
26 advisory committee. The plan must describe:

27 (a) The objectives and strategies of the Washington main street  
28 program;

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

32 (c) The means by which private investment will be solicited and  
33 employed;

34 (d) The methods of selecting and providing assistance to  
35 participating local programs; and

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

