
SUBSTITUTE SENATE BILL 5369

State of Washington

56th Legislature

1999 Regular Session

By Senate Committee on Commerce, Trade, Housing & Financial Institutions (originally sponsored by Senators Wojahn, Winsley, Prentice, Goings, Jacobsen, Fraser, Costa, Kohl-Welles and McAuliffe)

Read first time 03/03/99.

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 82.14 RCW; adding a new chapter to Title 43 RCW;
4 creating a new section; providing an effective date; and declaring an
5 emergency.

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

7 **PART I--LEGISLATIVE INTENT**

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

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

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

16 (c) This decline has eroded the ability of businesses and property
17 owners to renovate and enhance their commercial and residential
18 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 amount 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 amount 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 one million dollars in a calendar year.

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

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

7 (5) As used in this section:

8 (a) "Contribution" means cash contributions.

9 (b) "Downtown and 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 82.14
14 RCW to read as follows:

15 (1) The legislative authority of an eligible local government may
16 impose a sales and use tax in accordance with the terms of this
17 chapter. The tax is in addition to other taxes authorized by law and
18 shall be collected from those persons who are taxable by the state
19 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
20 event within the boundaries of the local government. The rate of tax
21 shall not exceed: (a) .035 of one percent of the selling price in the
22 case of a sales tax or value of the article used in the case of a use
23 tax in those cities under one hundred thousand in population that
24 include a designated partner-level or associate-level program under the
25 main street program; and (b) .0095 of one percent of the selling price
26 in the case of a sales tax or value of the article used in the case of
27 a use tax in cities of over one hundred thousand in population.

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

31 (2) The tax imposed under subsection (1) of this section shall be
32 deducted from the amount of tax otherwise required to be collected or
33 paid to the department of revenue under chapter 82.08 or 82.12 RCW.
34 The department of revenue shall perform the collection of such taxes on
35 behalf of the local government at no cost to the local government.

36 (3) Moneys collected under this section shall only be used for the
37 purpose of paying the costs for a downtown and neighborhood commercial
38 district revitalization project that is located within boundaries

1 identified and approved by the department of community, trade, and
2 economic development under section 303 of this act.

3 (4) No tax may be collected under this section before January 1,
4 2000.

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

8 (6) As used in this section:

9 (a) "Downtown and neighborhood commercial district revitalization
10 project" means: Public infrastructure improvements, including street
11 and utility improvements; professional management, planning, and
12 promotion within the eligible area, including the management and
13 promotion of retail trade activities in the eligible area; maintenance
14 and security for common or public areas in the eligible area; and
15 historic preservation activities authorized under RCW 35.21.395.

16 (b) "Eligible local government" means: (i) A local government
17 working in conjunction with a downtown and neighborhood commercial
18 district revitalization program designated by the department of
19 community, trade, and economic development at the partner-level or
20 associate-level under section 303 of this act; or (ii) a city of over
21 one hundred thousand in population working in conjunction with a
22 neighborhood commercial district that has been designated as eligible
23 by the legislative authority of the city.

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

25 **PART III--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**
26 **REVITALIZATION PROGRAM**

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

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

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

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

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

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

5 NEW SECTION. **Sec. 302.** The Washington main street program is
6 created within the department. In order to implement the Washington
7 main street program, the department shall:

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

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

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

24 (4) Operate the Washington main street program in accordance with
25 the plan developed by the department, in consultation with the
26 Washington main street advisory committee created under section 304 of
27 this act; and

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

30 NEW SECTION. **Sec. 303.** (1) The department shall, by rule, adopt
31 criteria for the designation of the local downtown and neighborhood
32 commercial district revitalization programs and official local main
33 street programs. In establishing the criteria, the department shall
34 consider:

35 (a) The degree of interest and commitment to downtown and
36 neighborhood commercial district revitalization and, where applicable,
37 historic preservation by both the public and private sectors;

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

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

6 (d) The capacity of the organization to undertake a comprehensive
7 program and the financial commitment to implement a long-term downtown
8 and neighborhood commercial district revitalization program that
9 includes a commitment to employ a professional program manager and to
10 maintain a sufficient operating budget;

11 (e) The department's existing downtown revitalization services tier
12 system;

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

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

17 (2) The department shall designate local downtown and neighborhood
18 commercial district revitalization programs and official local main
19 street programs. The programs shall be limited to the following three
20 categories: Partner-level, associate-level, and participant-level.

21 (3) Sections 201 and 202 of this act do not apply to any local
22 downtown and neighborhood commercial district revitalization program
23 unless the boundaries of the program have been identified and approved
24 by the department. The boundaries of a local downtown and neighborhood
25 commercial district revitalization program are typically limited to the
26 pedestrian core area or the central commercial district.

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;

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

37 (f) One representative of the Washington state office of
38 archaeology and historic preservation.

1 (2) The plan required under section 302 of this act may include:

2 (a) The objectives and strategies of the Washington main street
3 program;

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

7 (c) The means by which private investment will be solicited and
8 employed;

9 (d) The methods of selecting and providing assistance to
10 participating local programs; and

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

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

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

22 **PART IV--TECHNICAL PROVISIONS**

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

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

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

31 NEW SECTION. **Sec. 404.** Sections 201 and 202 of this act are
32 necessary for the immediate preservation of the public peace, health,

1 or safety, or support of the state government and its existing public
2 institutions, and take effect July 1, 1999.

--- END ---