
Trade & Economic Development Committee

HB 2437

Brief Description: Promoting economic revitalization.

Sponsors: Representatives Veloria, Talcott, Conway, Darneille, Dunn, Lovick, Chase, Wood, Jackley and Ogden.

Brief Summary of Bill

- States that a city or town may use the incremental increase in local sales and use tax revenue to finance community revitalization projects within a designated downtown or neighborhood commercial district.
- Defines a community revitalization project as health and safety improvements, publicly or leased facilities, professional management and promotion of retail trade activities within the downtown or neighborhood commercial district.
- Creates the Washington Main Street Program and Advisory Committee within the Department of Community, Trade and Economic Development.

Hearing Date: 1/29/02

Staff: Kenny Pittman (786-7392).

Background:

The Department of Community, Trade and Economic Development (DCTED) provides technical assistance to local governments and nonprofit organizations that undertake downtown or neighborhood commercial district revitalization efforts. These include efforts through either the National Main Street program or locally developed revitalization efforts. The DCTED provides this assistance under its general duties and powers.

A sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. A use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to the sales tax. The use tax

is equal to the sales tax rate multiplied by the value of the property used. The total state and local sales or use tax rate is between 7 percent and 8.9 percent, depending on the jurisdiction.

Summary of Bill:

Local Sales and Use Tax Increment Financing

The legislative authority of any city or town may authorize the use of the incremental increase of its local sales and use tax revenue to finance a community revitalization project that is located within the boundaries of a downtown or one or more neighborhood commercial districts. The incremental increase in a city's or town's sales and use tax is based on the amount of increased taxable retail activity over the preceding year.

A city or town must designate the boundaries of each downtown or neighborhood commercial area before the use of local sales and use tax increment revenue. The city or town may pool the local sales and use tax increment revenue collected in the various designated downtown or neighborhood commercial areas:

- To finance, in whole or in part, downtown or neighborhood commercial district community revitalization project costs;
- To pay into a bond redemption fund to pay principal and interest on general obligation bonds or revenue bonds issued to finance a downtown or neighborhood commercial district community revitalization project; and
- To combine with any other public or private funds, available to the city or town, used to finance a community revitalization project.

A community revitalization project is defined to mean: (1) health and safety improvements; (2) publicly owned or leased facilities within the jurisdiction of the city or town; (3) project-related studies and analyses; (4) professional management, planning, and promotion within a downtown or neighborhood commercial district; (5) maintenance and security for common or public areas in the downtown or neighborhood commercial district; (6) historic preservation activities; and (7) project design, planning, land acquisition, construction, reconstruction, rehabilitation, improvement, operation, and installation of a public facility.

The Department of Revenue may provide advice or other assistance to cities and towns to assist in determining the amount of local sales and use tax increment revenue that is generated in a downtown or neighborhood commercial area.

Washington Main Street Program

The Washington Main Street program is created by statute within the Department of Community, Trade, and Economic Development (Department). The department must: (1) provide technical assistance to businesses, property owners, organizations, and local governments on the design and development of a local revitalization strategy and program; (2) to the extent funds are available, provide financial assistance to local governments or

local organizations to assist in start-up costs, feasibility studies, marketing studies, and design assistance; (3) operate the Washington Main Street program in consultation with the Washington Main Street Advisory Committee; and (4) consider other factors deemed necessary for the implementation of the Washington Main Street program.

The Washington Main Street Advisory Committee is created in the department. The advisory committee consists of 10 members appointed by the director of the department. The membership of the advisory committee consists of: (1) the director of the department or the director's designee, who shall serve as chair; (2) two representatives of local governments; (3) five representatives from existing main street programs or downtown and neighborhood commercial district programs; and (5) one representative of the Washington trust for historic preservation.

The duties of the advisory committee include assisting the department in the development of a plan for the operation of the Washington Main Street program. The plan must address: (1) development of objectives and strategies of the program; (2) coordination with existing public and private business development and historic preservation efforts; (3) solicitation and use of private investment; (4) provision of assistance to local programs; and (5) solicitation of private contributions for state and local program operations.

Appropriation: None.

Fiscal Note: Requested on January 18, 2002.

Effective Date: Sections one through five take effect ninety days after adjournment of session in which bill is passed; sections five and six take effect July 1, 2003.