

**HB 2482** - S COMM AMD

By Committee on Economic Development, Trade & Innovation

ADOPTED 02/29/2012

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 43.330.270 and 2009 c 72 s 1 are each amended to read  
4 as follows:

5 (1) The department (~~shall~~) must design and implement an  
6 innovation partnership zone program through which the state will  
7 encourage and support research institutions, workforce training  
8 organizations, and globally competitive companies to work cooperatively  
9 in close geographic proximity to create commercially viable products  
10 and jobs.

11 (2) The director (~~shall~~) must designate innovation partnership  
12 zones on the basis of the following criteria:

13 (a) Innovation partnership zones must have three types of  
14 institutions operating within their boundaries, or show evidence of  
15 planning and local partnerships that will lead to dense concentrations  
16 of these institutions:

17 (i) Research capacity in the form of a university or community  
18 college fostering commercially valuable research, nonprofit  
19 institutions creating commercially applicable innovations, or a  
20 national laboratory;

21 (ii) An industry cluster as defined in RCW 43.330.090. The cluster  
22 must include a dense proximity of globally competitive firms in a  
23 research-based industry or industries or (~~of~~) individual firms with  
24 innovation strategies linked to (a)(i) of this subsection. A globally  
25 competitive firm may be signified through international organization  
26 for standardization 9000 or 1400 certification, or (~~other recognized~~)  
27 evidence of sales in international (~~success~~) markets; and

28 (iii) Training capacity either within the zone or readily  
29 accessible to the zone. The training capacity requirement may be met

1 by the same institution as the research capacity requirement, to the  
2 extent both are associated with an educational institution in the  
3 proposed zone.

4 (b) The support of a local jurisdiction, a research institution, an  
5 educational institution, an industry or cluster association, a  
6 workforce development council, and an associate development  
7 organization, port, or chamber of commerce;

8 (c) Identifiable boundaries for the zone within which the applicant  
9 will concentrate efforts to connect innovative researchers,  
10 entrepreneurs, investors, industry associations or clusters, and  
11 training providers. The geographic area defined should lend itself to  
12 a distinct identity and have the capacity to accommodate firm growth;

13 (d) The innovation partnership zone administrator must be an  
14 economic development council, port, workforce development council,  
15 city, or county.

16 (3) With respect solely to the research capacity required in  
17 subsection (2)(a)(i) of this section, the director may waive the  
18 requirement that the research institution be located within the zone.  
19 To be considered for such a waiver, an applicant must provide a  
20 specific plan that demonstrates the research institution's unique  
21 qualifications and suitability for the zone, and the types of jointly  
22 executed activities that will be used to ensure ongoing, face-to-face  
23 interaction and research collaboration among the zone's partners.

24 (4) On October 1st of each odd-numbered year, the director  
25 (~~shall~~) must designate innovation partnership zones on the basis of  
26 applications that meet the legislative criteria, estimated economic  
27 impact of the zone, evidence of forward planning for the zone, and  
28 other criteria as (~~recommended by~~) developed by the department in  
29 consultation with the Washington state economic development commission.  
30 Estimated economic impact must include evidence of anticipated private  
31 investment, job creation, innovation, and commercialization. The  
32 director (~~shall~~) must require evidence that zone applicants will  
33 promote commercialization, innovation, and collaboration among zone  
34 residents.

35 (5) Innovation partnership zones are eligible for funds and other  
36 resources as provided by the legislature or at the discretion of the  
37 governor.

1 (6) If the innovation partnership zone meets the other requirements  
2 of the fund sources, then the zone is eligible for the following funds  
3 relating to:

4 (a) The local infrastructure financing tools program;

5 (b) The sales and use tax for public facilities in rural counties;

6 (~~and~~))

7 (c) Job skills;

8 (d) Local improvement districts; and

9 (e) Community economic revitalization board projects under chapter  
10 43.160 RCW.

11 (7) An innovation partnership zone (~~shall~~) must be designated as  
12 a zone for a four-year period. At the end of the four-year period, the  
13 zone must reapply for the designation through the department.

14 (8) If the director finds that an applicant does not meet all of  
15 the statutory criteria or additional criteria recommended by the  
16 department in consultation with the Washington state economic  
17 development commission to be designated as an innovation partnership  
18 zone, the department must:

19 (a) Identify the deficiencies in the proposal and recommended steps  
20 for the applicant to take to strengthen the proposal;

21 (b) Provide the applicant with the opportunity to appeal the  
22 decision to the director; and

23 (c) Allow the applicant to reapply for innovation partnership  
24 designation on October 1st of the following calendar year or during any  
25 subsequent application cycle.

26 (9) If the director finds at any time after the initial year of  
27 designation that an innovation partnership zone is failing to meet the  
28 performance standards required in its contract with the department, the  
29 director may withdraw such designation and cease state funding of the  
30 zone.

31 (~~(9)~~) (10) The department (~~shall~~) must convene annual  
32 information sharing events for innovation partnership zone  
33 administrators and other interested parties.

34 (~~(10)~~) (11) An innovation partnership zone (~~shall~~) must  
35 annually provide performance measures as required by the director,  
36 including but not limited to private investment measures, job creation  
37 measures, and measures of innovation such as licensing of ideas in

1 research institutions, patents, or other recognized measures of  
2 innovation.

3 ~~((11))~~ (12) The department ~~((shall))~~ must compile a biennial  
4 report on the innovation partnership zone program by December 1st of  
5 every even-numbered year. The report ~~((shall))~~ must provide  
6 information for each zone on its: Objectives; funding, tax incentives,  
7 and other support obtained from public sector sources; major  
8 activities; partnerships; performance measures; and outcomes achieved  
9 since the inception of the zone or since the previous biennial report.  
10 The Washington state economic development commission ~~((shall))~~ must  
11 review the department's draft report and make recommendations on ways  
12 to increase the effectiveness of individual zones and the program  
13 overall. The department ~~((shall))~~ must submit the report, including  
14 the commission's recommendations, to the governor and legislature  
15 beginning December 1, 2010.

16 **Sec. 2.** RCW 43.160.010 and 2008 c 327 s 1 are each amended to read  
17 as follows:

18 (1) The legislature finds that it is the public policy of the state  
19 of Washington to direct financial resources toward the fostering of  
20 economic development through the stimulation of investment and job  
21 opportunities and the retention of sustainable existing employment for  
22 the general welfare of the inhabitants of the state. Reducing  
23 unemployment and reducing the time citizens remain jobless is important  
24 for the economic welfare of the state. A valuable means of fostering  
25 economic development is the construction of public facilities which  
26 contribute to the stability and growth of the state's economic base.  
27 Expenditures made for these purposes as authorized in this chapter are  
28 declared to be in the public interest, and constitute a proper use of  
29 public funds. A community economic revitalization board is needed  
30 which shall aid the development of economic opportunities. The general  
31 objectives of the board should include:

32 (a) Strengthening the economies of areas of the state which have  
33 experienced or are expected to experience chronically high unemployment  
34 rates or below average growth in their economies;

35 (b) Encouraging the diversification of the economies of the state  
36 and regions within the state in order to provide greater seasonal and  
37 cyclical stability of income and employment;

1 (c) Encouraging wider access to financial resources for both large  
2 and small industrial development projects;

3 (d) Encouraging new economic development or expansions to maximize  
4 employment;

5 (e) Encouraging the retention of viable existing firms and  
6 employment; (~~and~~)

7 (f) Providing incentives for expansion of employment opportunities  
8 for groups of state residents that have been less successful relative  
9 to other groups in efforts to gain permanent employment; and

10 (g) Enhancing job and business growth through facility development  
11 and other improvements in innovation partnership zones designated under  
12 RCW 43.330.270.

13 (2) The legislature also finds that the state's economic  
14 development efforts can be enhanced by, in certain instances, providing  
15 funds to improve state highways, county roads, or city streets for  
16 industries considering locating or expanding in this state.

17 (3) The legislature finds it desirable to provide a process whereby  
18 the need for diverse public works improvements necessitated by planned  
19 economic development can be addressed in a timely fashion and with  
20 coordination among all responsible governmental entities.

21 (4) The legislature also finds that the state's economic  
22 development efforts can be enhanced by, in certain instances, providing  
23 funds to assist development of telecommunications infrastructure that  
24 supports business development, retention, and expansion in the state.

25 (5) The legislature also finds that the state's economic  
26 development efforts can be enhanced by providing funds to improve  
27 markets for those recyclable materials representing a large fraction of  
28 the waste stream. The legislature finds that public facilities which  
29 result in private construction of processing or remanufacturing  
30 facilities for recyclable materials are eligible for consideration from  
31 the board.

32 (6) The legislature finds that sharing economic growth statewide is  
33 important to the welfare of the state. The ability of communities to  
34 pursue business and job retention, expansion, and development  
35 opportunities depends on their capacity to ready necessary economic  
36 development project plans, sites, permits, and infrastructure for  
37 private investments. Project-specific planning, predevelopment, and  
38 infrastructure are critical ingredients for economic development. It

1 is, therefore, the intent of the legislature to increase the amount of  
2 funding available through the community economic revitalization board  
3 and to authorize flexibility for available resources in these areas to  
4 help fund planning, predevelopment, and construction costs of  
5 infrastructure and facilities and sites that foster economic vitality  
6 and diversification.

7 **Sec. 3.** RCW 43.160.020 and 2009 c 565 s 35 are each amended to  
8 read as follows:

9 Unless the context clearly requires otherwise, the definitions in  
10 this section apply throughout this chapter.

11 (1) "Board" means the community economic revitalization board.

12 (2) "Department" means the department of commerce.

13 (3) "Local government" or "political subdivision" means any port  
14 district, county, city, town, special purpose district, and any other  
15 municipal corporations or quasi-municipal corporations in the state  
16 providing for public facilities under this chapter.

17 (4) "Public facilities" means a project of a local government or a  
18 federally recognized Indian tribe for the planning, acquisition,  
19 construction, repair, reconstruction, replacement, rehabilitation, or  
20 improvement of: Bridges((~~τ~~)); roads((~~τ~~)); research, testing, training,  
21 and incubation facilities in areas designated as innovation partnership  
22 zones under RCW 43.330.270; buildings or structures; domestic and  
23 industrial water, earth stabilization, sanitary sewer, storm sewer,  
24 railroad, electricity, telecommunications, transportation, natural gas,  
25 ((buildings or structures,~~τ~~)) and port facilities((~~τ~~)); all for the  
26 purpose of job creation, job retention, or job expansion.

27 (5) "Rural county" means a county with a population density of  
28 fewer than one hundred persons per square mile or a county smaller than  
29 two hundred twenty-five square miles, as determined by the office of  
30 financial management and published each year by the department for the  
31 period July 1st to June 30th.

32 **Sec. 4.** RCW 82.14.370 and 2009 c 511 s 1 are each amended to read  
33 as follows:

34 (1) The legislative authority of a rural county may impose a sales  
35 and use tax in accordance with the terms of this chapter. The tax is  
36 in addition to other taxes authorized by law and ((shall)) must be

1 collected from those persons who are taxable by the state under  
2 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event  
3 within the county. The rate of tax (~~shall~~) may not exceed 0.09  
4 percent of the selling price in the case of a sales tax or value of the  
5 article used in the case of a use tax, except that for rural counties  
6 with population densities between sixty and one hundred persons per  
7 square mile, the rate shall not exceed 0.04 percent before January 1,  
8 2000.

9 (2) The tax imposed under subsection (1) of this section (~~shall~~)  
10 must be deducted from the amount of tax otherwise required to be  
11 collected or paid over to the department of revenue under chapter 82.08  
12 or 82.12 RCW. The department of revenue (~~shall~~) must perform the  
13 collection of such taxes on behalf of the county at no cost to the  
14 county.

15 (3)(a) Moneys collected under this section (~~shall~~) may only be  
16 used to finance public facilities serving economic development purposes  
17 in rural counties and finance personnel in economic development  
18 offices. The public facility must be listed as an item in the  
19 officially adopted county overall economic development plan, or the  
20 economic development section of the county's comprehensive plan, or the  
21 comprehensive plan of a city or town located within the county for  
22 those counties planning under RCW 36.70A.040. For those counties that  
23 do not have an adopted overall economic development plan and do not  
24 plan under the growth management act, the public facility must be  
25 listed in the county's capital facilities plan or the capital  
26 facilities plan of a city or town located within the county.

27 (b) In implementing this section, the county (~~shall~~) must consult  
28 with cities, towns, and port districts located within the county and  
29 the associate development organization serving the county to ensure  
30 that the expenditure meets the goals of chapter 130, Laws of 2004 and  
31 the requirements of (a) of this subsection. Each county collecting  
32 money under this section (~~shall~~) must report, as follows, to the  
33 office of the state auditor, within one hundred fifty days after the  
34 close of each fiscal year: (i) A list of new projects begun during the  
35 fiscal year, showing that the county has used the funds for those  
36 projects consistent with the goals of chapter 130, Laws of 2004 and the  
37 requirements of (a) of this subsection; and (ii) expenditures during  
38 the fiscal year on projects begun in a previous year. Any projects

1 financed prior to June 10, 2004, from the proceeds of obligations to  
2 which the tax imposed under subsection (1) of this section has been  
3 pledged (~~shall~~) may not be deemed to be new projects under this  
4 subsection. No new projects funded with money collected under this  
5 section may be for justice system facilities.

6 (c) The definitions in this section apply throughout this section.

7 (i) "Public facilities" means bridges, roads, domestic and  
8 industrial water facilities, sanitary sewer facilities, earth  
9 stabilization, storm sewer facilities, railroads, (~~electricity~~)  
10 electrical facilities, natural gas facilities, research, testing,  
11 training, and incubation facilities in innovation partnership zones  
12 designated under RCW 43.330.270, buildings, structures,  
13 telecommunications infrastructure, transportation infrastructure, or  
14 commercial infrastructure, and port facilities in the state of  
15 Washington.

16 (ii) "Economic development purposes" means those purposes which  
17 facilitate the creation or retention of businesses and jobs in a  
18 county.

19 (iii) "Economic development office" means an office of a county,  
20 port districts, or an associate development organization as defined in  
21 RCW 43.330.010, which promotes economic development purposes within the  
22 county.

23 (4) No tax may be collected under this section before July 1, 1998.

24 (a) Except as provided in (b) of this subsection, no tax may be  
25 collected under this section by a county more than twenty-five years  
26 after the date that a tax is first imposed under this section.

27 (b) For counties imposing the tax at the rate of 0.09 percent  
28 before August 1, 2009, the tax expires on the date that is twenty-five  
29 years after the date that the 0.09 percent tax rate was first imposed  
30 by that county.

31 (5) For purposes of this section, "rural county" means a county  
32 with a population density of less than one hundred persons per square  
33 mile or a county smaller than two hundred twenty-five square miles as  
34 determined by the office of financial management and published each  
35 year by the department for the period July 1st to June 30th."



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1        On page 1, beginning on line 1 of the title, after "zones;" strike  
2        the remainder of the title and insert "and amending RCW 43.330.270,  
3        43.160.010, 43.160.020, and 82.14.370."

EFFECT:        Authorizes the use of sales and use tax proceeds for  
certain public facilities and community economic revitalization board  
funding to benefit innovation partnership zones.

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