

HOUSE BILL REPORT

HB 1370

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs

Title: An act relating to increasing the total amount of tax credits allowed under the Washington main street program.

Brief Description: Increasing the total amount of tax credits allowed under the Washington main street program.

Sponsors: Representatives Wylie, Nealey, Manweller, Van De Wege, Haler, Appleton, Zeiger, Tharinger, Klippert, Vick and S. Hunt.

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 1/27/15, 2/2/15 [DPS].

Brief Summary of Substitute Bill

- Increases the tax credit limits for the Main Street Tax Incentive Program.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Appleton, Chair; Robinson, Vice Chair; Johnson, Ranking Minority Member; Zeiger, Assistant Ranking Minority Member; Hawkins, Sawyer and Van De Wege.

Staff: Sean Flynn (786-7124).

Background:

The Main Street Program was created in 2005 to provide technical assistance for local comprehensive downtown or neighborhood commercial district revitalization initiatives. The Main Street Program is operated by the Department of Archeology and Historic Preservation (Department). The Department provides initial site evaluations by technical specialists, training for local programs and staff, as well as design and implementation assistance to local

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governments and organizations for revitalization programs. The Department also may provide financial assistance for initial start-up costs for a local program.

The Department may designate local comprehensive downtown or neighborhood commercial district revitalization programs and official local Main Street programs based on certain criteria. The boundaries of a local program must be approved by the Department and are generally defined by the pedestrian core of a traditional commercial district. The Department may not designate a program undertaken by a city with a population over 190,000 people.

The Main Street Trust Fund Account (Account) is established to receive private contributions, federal funds, and legislative appropriations for the operation of the Main Street Program.

Main State Tax Incentive Program.

Private contributions made to the Account or a designated local Main Street program are eligible for a business & occupation (B&O) or public utility tax (PUT) tax credit. The credit is worth:

- 75 percent of a contribution made directly to a designated program in a city with a population under 190,000; and
- 50 percent of a contribution made to the Account.

The tax credit program has certain limits. No person may receive a tax credit over \$250,000 in each calendar year. The total tax credits allowed for each designated program may not exceed \$100,000 per calendar year. The total tax credits allowed statewide may not exceed \$1.5 million for each calendar year.

Summary of Substitute Bill:

The Main Street Program Tax Incentive Program tax credit limits are increased as follows:

- The tax credit limit for contributions made statewide is raised to \$3 million.
- The limit for contributions made to a designated program is raised to \$200,000.
- The limit for a person receiving a tax credit is raised to \$500,000.

Substitute Bill Compared to Original Bill:

A tax preference performance statement is added.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) There has not been an increase in tax credit limits since the Main Street Program began. The Main Street Program was created originally to support 13 small cities, but has expanded to 32 cities, which have to share the same allocation of funding. With the current cap on contributions, some cities have had to leave thousands of dollars in contributions unclaimed. The limit should be raised so no contributions for cities are left on the table.

There are many challenges on downtown businesses in smaller cities. Malls, strip malls, and box stores threaten the viability of local downtown businesses. A downtown business district is a place of civic pride and helps create jobs and a better economy.

This Main Street Program provides a boost for local communities and brings cities, contributors and the state together to support downtown projects. Funds invested through the Main Street Program have provided assistance to improve whole abandoned downtown blocks and turned those spaces into inviting spaces. Cities use funding to secure matching grants for projects, such as improving facades and landscaping. The Main Street Program is the only place where local business, economic development departments, realtors, city officials and property owners come together to solve problems and plan for economic revitalization. The Main Street Program funding helps support city-sponsored activities that attract visitors downtown, including arts walks. It also provides expert consultation for business owners. The improvement of downtown business districts helps to attract and retain professional workers to the area.

(Opposed) None.

Persons Testifying: Representative Wylie, prime sponsor; Lee Rafferty, Vancouver's Downtown Association; Ellen Gamson, Mount Vernon Downtown Association; Michelle McGill, Puyallup Main Street Association; and Michael Groesch, Washington Trust for Historic Preservation.

Persons Signed In To Testify But Not Testifying: None.