

SENATE BILL REPORT

SB 5313

As Reported by Senate Committee On:
Agriculture, Water & Rural Economic Development, February 10, 2015

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: Senators Warnick, Fraser, Angel, Rolfes, Cleveland, Brown and Parlette.

Brief History:

Committee Activity: Agriculture, Water & Rural Economic Development: 2/05/15, 2/10/15 [DPS-WM].

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5313 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Warnick, Chair; Danel, Vice Chair; Hatfield, Ranking Minority Member; Hobbs and Honeyford.

Staff: Diane Smith (786-7410)

Background: The Main Street Program (Program) was created in 2005 to provide technical assistance for local comprehensive downtown or neighborhood commercial district revitalization initiatives. The 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 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

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generally defined by the pedestrian core of a traditional commercial district. The Department may not designate a program undertaken by a local government with a population over 190,000 people.

The Main Street Trust Fund Account receives private contributions, federal funds, and legislative appropriations for the operation of the Main Street Program.

Private contributions made to the Main Street Program Trust Fund or a designated local Main Street program are eligible for a business & occupation tax or public utility tax credit. The credit is valued as follows:

- 75 percent of a contribution made directly to a designated program in a city under 190,000; and
- 50 percent of a contribution made to the Main Street Trust Fund.

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 Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The Main Street Program Tax Incentive Program tax credit limits are doubled as follows:

- the tax credit limit for contributions made statewide is raised from \$1.5 million to \$3 million;
- the limit for contributions made to a designated program is raised from \$100,000 to \$200,000; and
- the limit for a person receiving a tax credit is raised from \$250,000 to \$500,000.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Originally 13 main streets competed for the \$1.5 million statewide maximum of tax credits allowable. There are now 34 main streets competing for the same \$1.5 million. The program operates on a first-come, first-served basis so those main street projects applying later in the year are turned away because the cap has already been met. This has also happened for donations to local projects. These local efforts take many forms, with great success in increasing visits to downtowns, increasing spending at local merchants and increasing sales tax revenue. During the economic downturn, main streets held their own or improved and did not see the business failures occurring elsewhere.

Persons Testifying: PRO: Senator Warnick, prime sponsor; Allyson Brooks, Dept. of Archaeology & Historic Preservation; Michael Groesch, WA Trust for Historic Preservation;

Carolyn Honeycutt, Executive Director, Ellensburg Downtown Assn.; Laura Westergard, Auburn Downtown Assn.; Greg Haffner, Barbara Smith, Kent Downtown Partnership; Shane Laib, Downtown Walla Walla Foundation; Linda Schantz, Board President.