
SENATE BILL 5135

State of Washington

65th Legislature

2017 Regular Session

By Senators Rivers, Rolfes, Zeiger, Walsh, Angel, Keiser, Mullet, Cleveland, Hunt, Bailey, King, Warnick, Brown, Fain, Ranker, Van De Wege, Conway, and Wellman

Read first time 01/13/17. Referred to Committee on Agriculture, Water, Trade & Economic Development.

1 AN ACT Relating to modifying the Washington main street program
2 by increasing the total amount of tax credits allowed under the
3 program and making administrative changes to the program; amending
4 RCW 82.73.020 and 82.73.030; adding a new section to chapter 82.73
5 RCW; creating a new section; and providing a contingent expiration
6 date.

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

8 NEW SECTION. **Sec. 1.** This section is the tax preference
9 performance statement for the tax preference contained in section 3
10 of this act. This performance statement is only intended to be used
11 for subsequent evaluation of the tax preference. It is not intended
12 to create a private right of action by any party or be used to
13 determine eligibility for preferential tax treatment.

14 (1) The legislature categorizes this tax preference as one
15 intended to promote contributions to main street programs and to
16 enhance community and economic revitalization and development of main
17 street business districts under categories as indicated in RCW
18 82.32.808(2) (a) and (f).

19 (2) It is the legislature's specific public policy objective to
20 support and work in concert with main street programs to accomplish
21 community and economic revitalization of business districts as

1 specified in RCW 43.360.005. It is the legislature's intent to
2 provide tax credits to businesses in main street communities to
3 promote contributions to such programs as provided in RCW 82.73.030,
4 in order to maintain the economic viability of rural downtown areas
5 (main streets), thereby ensuring the growth and retention of small
6 businesses in rural communities.

7 (3) If a review finds that the number of small businesses that
8 are a part of main street communities has increased or stayed the
9 same, then the legislature intends to extend the expiration date of
10 the tax preference.

11 (4) In order to obtain the data necessary to perform the review
12 in subsection (3) of this section, the joint legislative audit and
13 review committee may refer to data collected by the department of
14 archaeology and historic preservation.

15 **Sec. 2.** RCW 82.73.020 and 2005 c 514 s 903 are each amended to
16 read as follows:

17 (1) Application for tax credits under this chapter must be
18 ~~((made))~~ submitted to the department before making a contribution to
19 a program or the main street trust fund. The application ~~((shall))~~
20 must be made to the department in a form and manner prescribed by the
21 department. The application ~~((shall))~~ must contain information
22 regarding the proposed amount of contribution to a program or the
23 main street trust fund, and other information required by the
24 department to determine eligibility under this chapter ~~((514, Laws of
25 2005))~~. The department ~~((shall))~~ must rule on the application within
26 forty-five days. Except as provided in RCW 82.73.030(5), applications
27 ~~((shall))~~ must be approved on a first-come basis.

28 ~~((The person must make the contribution described in the
29 approved application by the end of the calendar year in which the
30 application is approved to claim a credit allowed under RCW
31 82.73.030.~~

32 ~~((3))~~ The department ~~((shall))~~ may not accept any applications
33 before ~~((January 1, 2006))~~ the second Monday in January of each
34 calendar year.

35 **Sec. 3.** RCW 82.73.030 and 2005 c 514 s 904 are each amended to
36 read as follows:

37 (1) Subject to the limitations in this chapter, a credit is
38 allowed against the tax imposed by chapters 82.04 and 82.16 RCW for

1 approved contributions that are made by a person to a program or the
2 main street trust fund.

3 (2) The credit allowed under this section is limited to an amount
4 equal to:

5 (a) Seventy-five percent of the approved contribution made by a
6 person to a program; or

7 (b) Fifty percent of the approved contribution made by a person
8 to the main street trust fund.

9 (3) The department may not approve credit with respect to a
10 program in a city or town with a population of one hundred ninety
11 thousand persons or more.

12 (4) The department (~~shall~~) must keep a running total of all
13 credits approved under this chapter for each calendar year. The
14 department (~~shall~~) may not approve any credits under this section
15 that would cause the total amount of approved credits statewide to
16 exceed (~~one~~) five million (~~five hundred thousand~~) dollars in any
17 calendar year.

18 (5)(a)(i) Except as otherwise limited in (a)(ii) of this
19 subsection (5), the total credits allowed under this chapter for
20 contributions made to each program may not exceed one hundred
21 thousand dollars in a calendar year.

22 (ii) Between the second Monday in January and March 31st of the
23 same calendar year, the department must evenly allocate the amount of
24 statewide credits allowed under subsection (4) of this section based
25 on the total number of programs and the main street trust fund as of
26 January 1st in the same calendar year. The department may not approve
27 contributions for a program or the main street trust fund that would
28 cause the total amount of approved credits for a program or the main
29 street trust fund to exceed the allocated amount.

30 (b) The total credits allowed under this chapter for a person may
31 not exceed two hundred fifty thousand dollars in a calendar year.

32 (6) The credit may be claimed against any tax due under chapters
33 82.04 and 82.16 RCW only in the calendar year immediately following
34 the calendar year in which the credit was approved by the department
35 and the contribution was made to the program or the main street trust
36 fund. Credits may not be carried over to subsequent years. No refunds
37 may be granted for credits under this chapter.

38 (7) The total amount of the credit claimed in any calendar year
39 by a person may not exceed the lesser amount of:

40 (a) The approved credit(~~(τ)~~); or

1 **(b)** Seventy-five percent of the amount of the contribution that
2 is made by the person to a program and fifty percent of the amount of
3 the contribution that is made by the person to the main street trust
4 fund, in the prior calendar year.

5 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.73
6 RCW to read as follows:

7 (1) A person that was approved for credit as provided in RCW
8 82.73.020 must make the total approved contribution by November 15th
9 of the calendar year in which the application is approved. If
10 November 15th falls upon a Saturday, Sunday, or legal holiday, the
11 payment of the contribution will be considered timely if made on the
12 next business day.

13 (2)(a) A person that does not make a contribution as required in
14 subsection (1) of this section forfeits all credits for the approved
15 contribution.

16 (b) The department must make credits forfeited as provided in (a)
17 of this subsection available to new applicants.

18 (3) A person that was approved for credit as provided in RCW
19 82.73.020 after November 15th must make the total approved
20 contribution by the end of the calendar year in which the
21 contribution was approved.

22 NEW SECTION. **Sec. 5.** (1) This act expires January 1, 2028, if a
23 review by the joint legislative audit and review committee under
24 section 1 of this act finds that the number of small businesses that
25 are a part of main street communities is not equal to or more than
26 the number that were a part of main street communities prior to the
27 enactment of the tax preference in section 3 of this act.

28 (2) The joint legislative audit and review committee must provide
29 written notice of the expiration date of this act to affected
30 parties, the chief clerk of the house of representatives, the
31 secretary of the senate, the office of the code reviser, and others
32 as deemed appropriate by the committee.

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