

SENATE BILL REPORT

SB 6595

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 1, 2010

Title: An act relating to community empowerment zone applications and requirements.

Brief Description: Regarding applications and requirements for community empowerment zones.

Sponsors: Senators Kilmer, Rockefeller, Marr, Carrell and King.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/28/10, 2/01/10 [DP].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: Do pass.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

Staff: Karen Campbell (786-7448)

Background: The Community Empowerment Zone (CEZ) program was created in 1993 to encourage public and private reinvestment in geographic areas of a local government (city, town or county) that are considered economically distressed. Businesses engaging in manufacturing, research, and development (including commercial testing facilities) that build in these areas are eligible for tax deferrals against the sales and use tax and a tax credit against the business and occupation tax.

The Department of Commerce (Commerce) is responsible for the administration of the CEZ program. The designation of a geographic area as a CEZ requires that the area:

- must be designated by the local legislative authority to receive federal, state, and local financial and technical assistance designed to increase economic activity in the area;
- have at least 51 percent of the households with incomes below 80 percent of the county median household income, adjusted for household size;
- have an average unemployment rate 20 percent higher than the average unemployment rate of the county; and

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- have an approved five-year community empowerment plan that describes a strategy to meet the housing, infrastructure, economic development, social service, and other public facilities needs of the area.

Commerce was authorized to designate up to six geographic areas by January 1, 2004, for participation in the CEZ program.

Summary of Bill: Commerce is authorized to accept applications from local governments to designate additional geographic areas as a CEZs if the application is made by a county which already contains a CEZ. The area the county seeks to have designated must meet the CEZ criteria except only one, but not both of the following criteria must be met:

- at least 51 percent of the households must have incomes below 80 percent of the county median household income, adjusted for household size; or
- the average unemployment rate must be 20 percent higher than the average unemployment rate of the county.

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: Community empowerment zones create opportunities for business and economic development by providing tax incentives to organizations that locate in disadvantaged urban areas. Cities need the ability to attract businesses and employment opportunities to further economic development. Economic development is a means of addressing the extreme job loss resulting from the current fiscal crises. It is important that counties be able to apply for additional community empowerment zones to address the areas of economic need in the urban areas located within their borders.

Persons Testifying: PRO: Senator Kilmer, prime sponsor; Bill Stewart, Kitsap Economic Development Authority; Mayor Larry Coppola, Mayor, Port Orchard.