

FINAL BILL REPORT

E2SSB 5594

PARTIAL VETO

C 164 L 99

Synopsis as Enacted

Brief Description: Enhancing economic vitality.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, T. Sheldon, Prentice, Fairley and Winsley; by request of Governor Locke).

Senate Committee on Agriculture & Rural Economic Development

Senate Committee on Ways & Means

House Committee on Economic Development, Housing & Trade

House Committee on Finance

Background: The Department of Community, Trade, and Economic Development (CTED) is responsible for assisting in community and economic development in the state; providing technical and financial assistance to local governments, businesses, and community-based organizations; soliciting private and federal grants for economic and community development programs; and conducting the necessary research and analysis to support economic and community development efforts.

The key service areas of the department are: (1) local development assistance; (2) trade and economic sectors that include tourism, film and video, business development and forest products; (3) community services that support local efforts to develop self-reliant individuals and families through prevention, intervention, technical assistance and advocacy programs; (4) housing and housing-related services; (5) growth management; (6) archaeology and historic preservation; and (7) energy.

Distressed Area Tax Incentives. Washington has developed various incentives that are designed to assist in job creation or retention in economically distressed areas. To be eligible, a business must be in either the manufacturing, research and development or computer-related service industry. There are currently seven (often overlapping) categories of eligibility for distressed area sales and/or business and occupation tax relief.

Summary: CERB Provisions. The types of projects that the Community Economic Revitalization Board (CERB) may invest in are broadened to include telecommunications infrastructure, transportation and pre-construction costs. The Joint Legislative Audit and Review Committee (JLARC) is directed to study the effectiveness of CERB.

Distressed Area Tax Incentives. The eligibility requirements are significantly changed for distressed area sales and/or business and occupation tax relief. The current seven categories are converted into a single category based on a definition of rural– population density. Businesses in counties with populations per square mile of 100 or less are allowed both the sales tax and B&O exemption. Eligibility based on the contiguous county– definition is no

longer allowed. Eligibility under the community empowerment zones (CEZ) definition is redefined.

Housing Finance Commission (HFC). The HFC statutory debt limit is increased from \$2 billion to \$3 billion. The HFC makes loans for affordable housing.

Temporary Housing. CTED establishes a one-stop clearinghouse– to coordinate state assistance to growers and nonprofit organizations to develop housing for agricultural employees.

Economic Vitality Committee. A new working group comprised of CTED, the Department of Revenue, the Department of Agriculture, and Economic Development Council representatives is established to prepare for projects of statewide significance.–

Public Facilities Grants and Loans. The preference for state public facilities grants and loans based on participation in a county-wide planning policy is changed. A state agency considering a request from a county or city planning under the Growth Management Act (GMA) must consider whether the jurisdiction has adopted a comprehensive plan and implementing development regulations as required by the GMA. State agencies considering competing requests from GMA jurisdictions must accord additional preference to the GMA jurisdictions that have adopted a comprehensive plan and development regulations.

Votes on Final Passage:

Senate	48	0	
House	95	0	(House amended)
Senate			(Senate refused to concur)
House			(House receded)
House	94	1	(House amended)
Senate	48	0	(Senate concurred)

Effective: August 1, 1999

Partial Veto Summary: The Governor vetoed the creation of the Economic Vitality Committee and the JLARC study of CERB. The increase in the Housing Finance Commission debt limit was also vetoed because it was already signed into law in ESB 5843.