

BILL REPORT

SHB 2296

As Reported By Senate Committee On:
Economic Development & Telecommunications, February 26, 2002

Title: An act relating to distressed area designation.

Brief Description: Modifying the definition of "eligible area" for distressed area designation.

Sponsors: House Committee on Finance (originally sponsored by Representatives Eickmeyer, Lantz, Miloscia, Kessler, Rockefeller and Haigh).

Brief History:

Committee Activity: Economic Development & Telecommunications: 2/26/02 [DPA-WM].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Finkbeiner, McCaslin and Rossi.

Staff: William Bridges (786-7424)

Background: Washington has tax incentives to attract manufacturing, research and development, and computer related businesses to eligible areas:

Sales and Use Tax Deferrals for Machinery and Construction. Providing a three-year deferral and eventual exemption from state and local taxes for facility construction, expansion, or machinery and equipment acquisition.

B&O Tax Credit for Job Training Services. Providing a tax credit equal to 20 percent of the amount spent on state-approved employee job training. The credit cannot exceed \$5,000 per calendar year for a business.

B&O Tax Credits for New Employees. Providing a tax credit of \$4,000 for each new job with annual wages and benefits greater than \$40,000 or \$2,000 for each new job with annual wages and benefits less than \$40,000.

For the purposes of these tax incentives, an "eligible area" means a county with fewer than 100 persons per square mile. "Eligible area" also means a community empowerment zone: a locally designated area that has high unemployment and low-income households.

Summary of Amended Bill: The definition of an "eligible area" is expanded to include a county that has experienced a loss of more than 500 federal civilian jobs during the previous four-year period due to military base restructuring and where federal civilian employment exceeds 15 percent of the total employment in the county. The Department of Employment

Security must determine the county's eligibility on a biannual basis. In addition, the definition of "rural county" is expanded to include counties that are smaller than 225 square miles.

Amended Bill Compared to Original Bill: The definition of "rural county" is expanded to include counties that are smaller than 225 square miles.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Whenever the Navy leaves Bremerton, Kitsap County does not receive employment assistance for the loss of jobs because the people associated with the military are not considered state residents. This bill will help Kitsap County.

Testimony Against: None.

Testified: Representative Bill Eickmeyer, prime sponsor.