
HOUSE BILL 1204

State of Washington

57th Legislature

2001 Regular Session

By Representatives Ogden, Dunn, Fromhold, Benson, Gombosky, Sump, Wood and Conway

Read first time 01/19/2001. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to downtown and neighborhood commercial district
2 revitalization; adding a new section to chapter 82.04 RCW; adding a new
3 section to chapter 84.36 RCW; adding a new section to chapter 82.14
4 RCW; adding a new chapter to Title 43 RCW; and creating a new section.

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

6 **PART I--LEGISLATIVE INTENT**

7 NEW SECTION. **Sec. 101.** (1) The legislature finds:

8 (a) The continued economic vitality of downtown and neighborhood
9 commercial districts in our state's cities is essential to community
10 preservation, social cohesion, and economic growth;

11 (b) In recent years there has been a deterioration of downtown and
12 neighborhood commercial districts in both rural and urban communities
13 due to a shifting population base, changes in the marketplace, and
14 greater competition from suburban shopping malls, discount centers, and
15 through the internet;

16 (c) This decline has eroded the ability of businesses and property
17 owners to renovate and enhance their commercial and residential
18 properties; and

1 (d) Business owners in these districts need to maintain their local
2 economies in order to provide goods and services to adjacent residents,
3 to provide employment opportunities, to avoid disinvestment and
4 economic dislocations, and to develop downtown and neighborhood
5 commercial district revitalization programs to address these problems.

6 (2) It is the intent of the legislature to establish a program to:

7 (a) Work in partnership with these organizations;

8 (b) Provide technical assistance and training to local governments,
9 business organizations, downtown and neighborhood commercial district
10 organizations, and business and property owners to accomplish community
11 and economic revitalization and development of business districts; and

12 (c) Certify a downtown or neighborhood commercial district
13 organization's use of available tax incentives.

14 **PART II--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**
15 **REVITALIZATION INCENTIVES**

16 NEW SECTION. **Sec. 201.** A new section is added to chapter 82.04
17 RCW to read as follows:

18 (1) There may be credit against the tax imposed by this chapter for
19 the value of private contributions that are designed to assist in the
20 development and operation of a downtown and neighborhood commercial
21 district revitalization program.

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

24 (a) Seventy-five percent of the value of the contribution that is
25 made directly, by the business, to a downtown and neighborhood
26 commercial district revitalization program; or

27 (b) Fifty percent of the value of the contribution that is made
28 directly, by the business, to the department of community, trade, and
29 economic development for distribution as financial or technical
30 assistance under section 302 of this act.

31 (3) The total credits allowed under this section for an individual
32 downtown and neighborhood commercial district cannot exceed one hundred
33 thousand dollars in a calendar year. The total credits allowed under
34 this section for a business cannot exceed two hundred fifty thousand
35 dollars in a calendar year. The total credits allowed on a statewide
36 basis cannot exceed two million dollars in a calendar year.

1 (4) Prior to making a contribution under this section, the business
2 must obtain approval from the department of community, trade, and
3 economic development. The business' request for approval must include
4 the amount of the contribution.

5 (5) This section applies only to contributions for which an
6 application is approved on or after the effective date of this act.

7 (6) As used in this section:

8 (a) "Contribution" means cash contributions.

9 (b) "Downtown or neighborhood commercial district revitalization
10 program" means a program designated by the department of community,
11 trade, and economic development under sections 101 and 301 through 306
12 of this act.

13 NEW SECTION. **Sec. 202.** A new section is added to chapter 84.36
14 RCW to read as follows:

15 (1) A physical improvement to a commercial building upon real
16 property, that is located within a downtown or neighborhood commercial
17 district revitalization program's boundaries identified and approved by
18 the department of community, trade, and economic development under
19 section 303 of this act, is exempt from taxation for the ten assessment
20 years subsequent to the completion of the improvement, if the
21 improvement meets the guidelines established by the local downtown and
22 neighborhood commercial district revitalization program. In addition,
23 for buildings that meet the definition of historic property as defined
24 in RCW 84.26.020, the improvements must be consistent with the
25 definition of rehabilitation as defined in RCW 84.26.020, and adhere to
26 the historic preservation process and guidelines adopted by the
27 community. A taxpayer desiring to obtain the exemption granted by this
28 section must file notice of their intent to construct the improvement
29 prior to the improvement being made on forms prescribed by the
30 department of revenue and furnished to the taxpayer by the county
31 assessor. This exemption cannot be claimed more than once in a
32 fifteen-year period. As used in this section, "downtown or
33 neighborhood commercial district revitalization program" has the same
34 meaning as in section 201 of this act.

35 (2) The department of revenue shall adopt rules necessary to
36 properly administer the provisions of this section.

1 NEW SECTION. **Sec. 203.** A new section is added to chapter 82.14
2 RCW to read as follows:

3 (1) The legislative authority of an eligible local government may
4 impose a sales and use tax in accordance with the terms of this
5 chapter. The tax is in addition to other taxes authorized by law and
6 shall be collected from those persons who are taxable by the state
7 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
8 event within the boundaries of the eligible local government. The rate
9 of tax shall not exceed: (a) .035 of one percent of the selling price
10 in the case of a sales tax or value of the article used in the case of
11 a use tax in those cities under one hundred thousand in population that
12 include an official main street program designated under section 303 of
13 this act; and (b) .0095 of one percent of the selling price in the case
14 of a sales tax or value of the article used in the case of a use tax in
15 cities of over one hundred thousand in population.

16 The total tax collected under this section for an eligible local
17 government shall not exceed four hundred thousand dollars in a calendar
18 year.

19 (2) The tax imposed under subsection (1) of this section shall be
20 deducted from the amount of tax otherwise required to be collected or
21 paid to the department of revenue under chapter 82.08 or 82.12 RCW.
22 The department of revenue shall perform the collection of taxes on
23 behalf of the local government at no cost to the local government.

24 (3) Moneys collected under this section shall only be used for the
25 purpose of paying the costs for a downtown or neighborhood commercial
26 district revitalization project that is located within the boundaries
27 identified and approved by the department of community, trade, and
28 economic development under section 303 of this act.

29 (4) No tax may be collected under this section before January 1,
30 2002.

31 (5) Moneys collected under this section shall not be used until two
32 dollars of moneys collected are matched with one dollar of local
33 government or private funds.

34 (6) As used in this section:

35 (a) "Downtown or neighborhood commercial district revitalization
36 project" means: Public infrastructure improvements, including street
37 and utility improvements; professional management, planning, and
38 promotion within the eligible area, including the management and
39 promotion of retail trade activities in the eligible area; maintenance

1 and security for common or public areas in the eligible area; and
2 historic preservation activities authorized under RCW 35.21.395.

3 (b) "Eligible local government" means: (i) A local government
4 working in conjunction with a downtown or neighborhood commercial
5 district revitalization program designated by the department of
6 community, trade, and economic development at the partner-level or
7 associate-level under section 303 of this act; or (ii) a city of over
8 one hundred thousand in population working in conjunction with a
9 neighborhood commercial district that has been designated as eligible
10 by the legislative authority of the city.

11 (c) "Local government" means a city, code city, or town.

12 **PART III--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**
13 **REVITALIZATION PROGRAM**

14 NEW SECTION. **Sec. 301.** The definitions in this section apply
15 throughout this chapter unless the context clearly requires otherwise.

16 (1) "Area" means a geographic area within a local government that
17 is described by a closed perimeter boundary.

18 (2) "Department" means the department of community, trade, and
19 economic development.

20 (3) "Director" means the director of the department of community,
21 trade, and economic development.

22 (4) "Local government" means a city, code city, or town.

23 (5) "Qualified levels of participation" means a local downtown or
24 neighborhood commercial district revitalization effort that has been
25 designated by the department, as being at the participant-level,
26 associate-level, or partner-level.

27 NEW SECTION. **Sec. 302.** The Washington main street program is
28 created within the department. In order to implement the Washington
29 main street program, the department shall:

30 (1) Provide technical assistance to businesses, property owners,
31 organizations, and local governments undertaking a comprehensive
32 downtown and neighborhood commercial district revitalization and
33 management strategy within a specified area. Technical assistance
34 includes, but is not limited to, initial site evaluations and
35 assessments, training for local programs, training for local program
36 staff, site visits and assessments by technical specialists, local

1 program design assistance and evaluation, and continued local program
2 on-site assistance;

3 (2) To the extent funds are made available, provide financial
4 assistance to local governments or local organizations to assist in
5 initial program start-up costs, specific project feasibility studies,
6 market studies, and design assistance;

7 (3) Develop objective criteria for selecting recipients of
8 financial assistance under subsection (1) of this section and providing
9 designation of local programs under section 303 of this act;

10 (4) Operate the Washington main street program in accordance with
11 the plan developed by the department, in consultation with the
12 Washington main street advisory committee created under section 304 of
13 this act; and

14 (5) Consider other factors the department deems necessary for the
15 implementation of this chapter.

16 NEW SECTION. **Sec. 303.** (1) The department shall, by rule, adopt
17 criteria for the designation of local downtown or neighborhood
18 commercial district revitalization programs and official local main
19 street programs. In establishing the criteria, the department shall
20 consider:

21 (a) The degree of interest and commitment to downtown or
22 neighborhood commercial district revitalization and, where applicable,
23 historic preservation by both the public and private sectors;

24 (b) The evidence of potential private sector investment in the
25 downtown or neighborhood commercial district;

26 (c) Where applicable, a downtown or neighborhood commercial
27 district with sufficient historic fabric to become a foundation for an
28 enhanced community image;

29 (d) The capacity of the organization to undertake a comprehensive
30 program and the financial commitment to implement a long-term downtown
31 or neighborhood commercial district revitalization program that
32 includes a commitment to employ a professional program manager and
33 maintain a sufficient operating budget;

34 (e) The department's existing downtown revitalization program's
35 tier system;

36 (f) The national main street center's criteria for designating
37 official main street cities; and

1 (g) Other factors the department deems necessary for the
2 designation of a local program.

3 (2) The department shall designate local downtown or neighborhood
4 commercial district revitalization programs and official local main
5 street programs. The programs shall be limited to the following three
6 categories: Partner-level, associate-level, and participant-level.

7 (3) Sections 201, 202, and 203 of this act do not apply to any
8 local downtown or neighborhood commercial district revitalization
9 program unless the boundaries of the program have been identified and
10 approved by the department. The boundaries of a local downtown or
11 neighborhood commercial district revitalization program are typically
12 limited to the pedestrian core area or the central commercial district.

13 NEW SECTION. **Sec. 304.** (1) The Washington main street advisory
14 committee is created within the department. The members of the
15 advisory committee are appointed by the director and consist of:

16 (a) The director, or the director's designee, who shall serve as
17 chair;

18 (b) Two representatives of local governments;

19 (c) The chair of the governor's small business improvement council;

20 (d) Five representatives from existing main street programs or
21 downtown and neighborhood commercial district programs; and

22 (e) One representative of the Washington state office of
23 archaeology and historic preservation.

24 (2) The department shall develop a plan for the Washington main
25 street program, in consultation with the Washington main street
26 advisory committee. The plan must describe:

27 (a) The objectives and strategies of the Washington main street
28 program;

29 (b) How the Washington main street program will be coordinated with
30 existing federal, state, local, and private sector business development
31 and historic preservation efforts;

32 (c) The means by which private investment will be solicited and
33 employed;

34 (d) The methods of selecting and providing assistance to
35 participating local programs; and

36 (e) A means to solicit private contributions for state and local
37 operations of the Washington main street program.

1 NEW SECTION. **Sec. 305.** The Washington main street trust fund
2 account is created in the state treasury. All receipts from private
3 contributions, federal funds, legislative appropriations, and fees for
4 services, if levied, must be deposited into the account. Moneys in the
5 account may be spent only after appropriation. Expenditures from the
6 account may be used only for the operation of the Washington main
7 street program.

8 NEW SECTION. **Sec. 306.** Sections 101 and 301 through 306 of this
9 act may be known and cited as the Washington main street act.

10 **PART IV--TECHNICAL PROVISIONS**

11 NEW SECTION. **Sec. 401.** Sections 101 and 301 through 306 of this
12 act constitute a new chapter in Title 43 RCW.

13 NEW SECTION. **Sec. 402.** If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 remainder of the act or the application of the provision to other
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 403.** Part headings used in this act constitute
18 no part of the law.

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