
HOUSE BILL 1723

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By Representatives Ogden, Pennington, Reardon, Voloria, Conway, Dunn, Benson, Fromhold, Wood, Sump, Gombosky, Kirby, Darneille, Hatfield, Santos, Haigh and O'Brien

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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; and adding a new chapter to Title 43 RCW.

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

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

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

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

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

18 (d) Business owners in these districts need to maintain their local
19 economies in order to provide goods and services to adjacent residents,

1 to provide employment opportunities, to avoid disinvestment and
2 economic dislocations, and to develop downtown and neighborhood
3 commercial district revitalization programs to address these problems.

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

5 (a) Work in partnership with these programs;

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

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

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
13 to read as follows:

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

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

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

23 (b) Fifty percent of the value of the contribution that is made
24 directly, by the business, to the department of community, trade, and
25 economic development for distribution as financial or technical
26 assistance under section 6 of this act.

27 (3) The total credits allowed under this section for an individual
28 downtown and neighborhood commercial district in each city with a
29 population of greater than one hundred thousand cannot exceed one
30 hundred thousand dollars in a calendar year. The total credits allowed
31 under this section for a business cannot exceed two hundred fifty
32 thousand dollars in a calendar year. The total credits allowed on a
33 statewide basis cannot exceed two million dollars in a calendar year.

34 (4) Prior to making a contribution under this section, the business
35 must notify in writing the department of community, trade, and economic
36 development. The business' written notification must include the
37 amount of the contribution. The department will determine if the

1 contribution is eligible within the tax credit caps provided in this
2 section and, if so, send confirmation to the business.

3 (5) This section applies only to contributions for which
4 notification is made on or after the effective date of this act.

5 (6) As used in this section:

6 (a) "Contribution" means cash contributions.

7 (b) "Downtown or neighborhood commercial district revitalization
8 program" means a program designated by the department of community,
9 trade, and economic development under sections 1 and 5 through 10 of
10 this act.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.36 RCW
12 to read as follows:

13 (1) A physical improvement to a commercial building upon real
14 property, that is located within a downtown or neighborhood commercial
15 district revitalization program's boundaries identified and approved
16 under section 7 of this act, is exempt from taxation for the ten
17 assessment years subsequent to the completion of the improvement, if
18 the improvement meets the guidelines established by the local downtown
19 and neighborhood commercial district revitalization program. In
20 addition, for buildings that meet the definition of historic property
21 as defined in RCW 84.26.020, the improvements must be consistent with
22 the definition of rehabilitation as defined in RCW 84.26.020, and
23 adhere to the historic preservation process and guidelines adopted by
24 the community. A taxpayer desiring to obtain the exemption granted by
25 this section must file notice of their intent to construct the
26 improvement prior to the improvement being made on forms prescribed by
27 the department of revenue and furnished to the taxpayer by the county
28 assessor. This exemption cannot be claimed more than once in a
29 fifteen-year period. This exemption cannot be claimed on any building
30 that has received an exemption under chapter 84.14 RCW. As used in
31 this section, "downtown or neighborhood commercial district
32 revitalization program" has the same meaning as in section 2 of this
33 act.

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

36 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.14 RCW
37 to read as follows:

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

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

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

22 (3) Moneys collected under this section shall only be used for the
23 purpose of paying the costs for a downtown or neighborhood commercial
24 district revitalization project that is located within the boundaries
25 identified and approved under section 7 of this act.

26 (4) No tax may be collected under this section before January 1,
27 2002.

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

31 (6) As used in this section:

32 (a) "Downtown or neighborhood commercial district revitalization
33 project" means: Public infrastructure improvements, including street
34 and utility improvements; professional management, planning, and
35 promotion within the eligible area, including the management and
36 promotion of retail trade activities in the eligible area; maintenance
37 and security for common or public areas in the eligible area; and
38 historic preservation activities authorized under RCW 35.21.395.

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

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

9 NEW SECTION. **Sec. 5.** The definitions in this section apply
10 throughout this chapter unless the context clearly requires otherwise.

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

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

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

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

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

22 NEW SECTION. **Sec. 6.** The Washington main street program is
23 created within the department. In order to implement the Washington
24 main street program, the department shall:

25 (1) Provide technical assistance to businesses, property owners,
26 organizations, and local governments undertaking a comprehensive
27 downtown and neighborhood commercial district revitalization and
28 management strategy within a specified area. Technical assistance
29 includes, but is not limited to, initial site evaluations and
30 assessments, training for local programs, training for local program
31 staff, site visits and assessments by technical specialists, local
32 program design assistance and evaluation, and continued local program
33 on-site assistance;

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

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

4 (4) Operate the Washington main street program in accordance with
5 the plan developed by the department, in consultation with the
6 Washington main street advisory committee created under section 8 of
7 this act; and

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

10 NEW SECTION. **Sec. 7.** (1) The department shall, by rule, adopt
11 criteria for the designation of local downtown or neighborhood
12 commercial district revitalization programs and official local main
13 street programs. In establishing the criteria, the department shall
14 consider:

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

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

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

23 (d) The capacity of the organization to undertake a comprehensive
24 program and the financial commitment to implement a long-term downtown
25 or neighborhood commercial district revitalization program that
26 includes a commitment to employ a professional program manager and
27 maintain a sufficient operating budget;

28 (e) The department's existing downtown revitalization program's
29 tier system;

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

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

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

1 (3) A city with a population of more than one hundred thousand may
2 choose either to establish eligible neighborhood commercial districts
3 in conjunction with the program established by the department under
4 this act, or it may establish its own neighborhood commercial district
5 revitalization program. A city choosing to establish its own program
6 under this section shall: (a) Create the program by official action of
7 the legislative authority of the city; (b) allocate sufficient local
8 resources to manage the program; (c) specify the boundaries of the
9 neighborhood commercial district area or areas; and (d) establish one
10 or more criteria for designation of eligible downtown or neighborhood
11 commercial districts.

12 (4) The criteria in subsection (3) of this section shall include,
13 at a minimum: (a) Whether there is sufficient commitment by business
14 and property owners in revitalization of the proposed district as
15 demonstrated by evidence of potential private sector investment in the
16 downtown or neighborhood commercial district; and (b) evidence of a
17 commitment by both the public and private sectors to preservation of
18 historic properties within the downtown or neighborhood commercial
19 district where applicable.

20 (5) Sections 2, 3, and 4 of this act do not apply to any local
21 downtown or neighborhood commercial district revitalization program
22 unless the boundaries of the downtown or neighborhood commercial
23 district have been identified and approved by the department under this
24 section. The boundaries of a local downtown or neighborhood commercial
25 district revitalization program are typically limited to the pedestrian
26 core area or the central commercial district.

27 NEW SECTION. **Sec. 8.** (1) The Washington main street advisory
28 committee is created within the department. The members of the
29 advisory committee are appointed by the director and consist of:

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

32 (b) Two representatives of local governments;

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

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

36 (e) One representative of the Washington state office of
37 archaeology and historic preservation.

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

4 (a) The objectives and strategies of the Washington main street
5 program;

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

9 (c) The means by which private investment will be solicited and
10 employed;

11 (d) The methods of selecting and providing assistance to
12 participating local programs; and

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

15 NEW SECTION. **Sec. 9.** The Washington main street trust fund
16 account is created in the state treasury. All receipts from private
17 contributions, federal funds, legislative appropriations, and fees for
18 services, if levied, must be deposited into the account. Moneys in the
19 account may be spent only after appropriation. Expenditures from the
20 account may be used only for the operation of the Washington main
21 street program.

22 NEW SECTION. **Sec. 10.** This chapter may be known and cited as the
23 Washington main street act.

24 NEW SECTION. **Sec. 11.** Sections 1 and 5 through 10 of this act
25 constitute a new chapter in Title 43 RCW.

26 NEW SECTION. **Sec. 12.** If any provision of this act or its
27 application to any person or circumstance is held invalid, the
28 remainder of the act or the application of the provision to other
29 persons or circumstances is not affected.

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