
SECOND SUBSTITUTE SENATE BILL 5135

State of Washington

65th Legislature

2017 Regular Session

By Senate Ways & Means (originally sponsored by Senators Rivers, Rolfes, Zeiger, Walsh, Angel, Keiser, Mullet, Cleveland, Hunt, Bailey, King, Warnick, Brown, Fain, Ranker, Van De Wege, Conway, and Wellman)

READ FIRST TIME 04/03/17.

1 AN ACT Relating to modifying the Washington main street program
2 by increasing the total amount of tax credits allowed under the
3 program and making administrative changes to the program; amending
4 RCW 82.73.020 and 82.73.030; adding a new section to chapter 82.73
5 RCW; creating a new section; providing an effective date; and
6 providing a contingent expiration date.

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

8 NEW SECTION. **Sec. 1.** This section is the tax preference
9 performance statement for the tax preference contained in section 3,
10 chapter . . . , Laws of 2017 (section 3 of this act). This performance
11 statement is only intended to be used for subsequent evaluation of
12 the tax preference. It is not intended to create a private right of
13 action by any party or be used to determine eligibility for
14 preferential tax treatment.

15 (1) The legislature categorizes this tax preference as one
16 intended to promote contributions to main street programs and to
17 enhance community and economic revitalization and development of main
18 street business districts under categories as indicated in RCW
19 82.32.808(2) (a) and (f).

20 (2) It is the legislature's specific public policy objective to
21 support and work in concert with main street programs to accomplish

1 community and economic revitalization of business districts as
2 specified in RCW 43.360.005. It is the legislature's intent to
3 provide tax credits to businesses in main street communities to
4 promote contributions to such programs as provided in RCW 82.73.030,
5 in order to maintain the economic viability of rural downtown areas
6 (main streets), thereby ensuring the growth and retention of
7 businesses in rural communities.

8 (3) If a review finds that the number of businesses that are a
9 part of main street communities has increased or stayed the same,
10 then the legislature intends to extend the expiration date of the tax
11 preference.

12 (4) In order to obtain the data necessary to perform the review
13 in subsection (3) of this section, the joint legislative audit and
14 review committee may refer to data collected by the department of
15 archaeology and historic preservation.

16 **Sec. 2.** RCW 82.73.020 and 2005 c 514 s 903 are each amended to
17 read as follows:

18 (1) Application for tax credits under this chapter must be
19 ~~((made))~~ submitted to the department before making a contribution to
20 a program or the main street trust fund. The application ~~((shall))~~
21 must be made to the department in a form and manner prescribed by the
22 department. The application ~~((shall))~~ must contain information
23 regarding the proposed amount of contribution to a program or the
24 main street trust fund, and other information required by the
25 department to determine eligibility under this chapter ~~((514, Laws of~~
26 ~~2005))~~. The department ~~((shall))~~ must rule on the application within
27 forty-five days. Except as provided in RCW 82.73.030(5), applications
28 ~~((shall))~~ must be approved on a first-come basis.

29 (2) ~~((The person must make the contribution described in the~~
30 ~~approved application by the end of the calendar year in which the~~
31 ~~application is approved to claim a credit allowed under RCW~~
32 ~~82.73.030.~~

33 ~~(3))~~ The department ~~((shall))~~ may not accept any applications
34 before ~~((January 1, 2006))~~ the second Monday in January of each
35 calendar year.

36 **Sec. 3.** RCW 82.73.030 and 2005 c 514 s 904 are each amended to
37 read as follows:

1 (1) Subject to the limitations in this chapter, a credit is
2 allowed against the tax imposed by chapters 82.04 and 82.16 RCW for
3 approved contributions that are made by a person to a program or the
4 main street trust fund.

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

7 (a) Seventy-five percent of the approved contribution made by a
8 person to a program; or

9 (b) Fifty percent of the approved contribution made by a person
10 to the main street trust fund.

11 (3) The department may not approve credit with respect to a
12 program in a city or town with a population of one hundred ninety
13 thousand persons or more.

14 (4) The department (~~shall~~) must keep a running total of all
15 credits approved under this chapter for each calendar year. The
16 department (~~shall~~) may not approve any credits under this section
17 that would cause the total amount of approved credits statewide to
18 exceed (~~one~~) two million five hundred thousand dollars in any
19 calendar year.

20 (5)(a)(i) The total credits allowed under this chapter for
21 contributions made to each program may not exceed one hundred
22 thousand dollars in a calendar year.

23 (ii) Between the second Monday in January and March 31st of the
24 same calendar year, the department must evenly allocate the amount of
25 statewide credits allowed under subsection (4) of this section based
26 on the total number of programs and the main street trust fund as of
27 January 1st in the same calendar year. The department may not approve
28 contributions for a program or the main street trust fund that would
29 cause the total amount of approved credits for a program or the main
30 street trust fund to exceed the allocated amount.

31 (b) The total credits allowed under this chapter for a person may
32 not exceed two hundred fifty thousand dollars in a calendar year.

33 (6) The credit may be claimed against any tax due under chapters
34 82.04 and 82.16 RCW only in the calendar year immediately following
35 the calendar year in which the credit was approved by the department
36 and the contribution was made to the program or the main street trust
37 fund. Credits may not be carried over to subsequent years. No refunds
38 may be granted for credits under this chapter.

39 (7) The total amount of the credit claimed in any calendar year
40 by a person may not exceed the lesser amount of:

1 (a) The approved credit((τ)); or
2 (b) Seventy-five percent of the amount of the contribution that
3 is made by the person to a program and fifty percent of the amount of
4 the contribution that is made by the person to the main street trust
5 fund, in the prior calendar year.

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.73
7 RCW to read as follows:

8 (1) A person that was approved for credit as provided in RCW
9 82.73.020 must make the total approved contribution by November 15th
10 of the calendar year in which the application is approved. If
11 November 15th falls upon a Saturday, Sunday, or legal holiday, the
12 payment of the contribution will be considered timely if made on the
13 next business day.

14 (2)(a) A person that does not make a contribution as required in
15 subsection (1) of this section forfeits all credits for the approved
16 contribution.

17 (b) The department must make credits forfeited as provided in (a)
18 of this subsection available to new applicants.

19 (3) A person that was approved for credit as provided in RCW
20 82.73.020 after November 15th must make the total approved
21 contribution by the end of the calendar year in which the
22 contribution was approved.

23 NEW SECTION. **Sec. 5.** (1) This act expires January 1, 2028, if a
24 review by the joint legislative audit and review committee under
25 section 1 of this act finds that the number of businesses that are a
26 part of main street communities is not equal to or more than the
27 number that were a part of main street communities prior to the
28 enactment of the tax preference in section 3, chapter . . ., Laws of
29 2017 (section 3 of this act).

30 (2) The joint legislative audit and review committee must provide
31 written notice of the expiration date of this act to affected
32 parties, the chief clerk of the house of representatives, the
33 secretary of the senate, the office of the code reviser, and others
34 as deemed appropriate by the committee.

35 NEW SECTION. **Sec. 6.** This act takes effect January 1, 2018.

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