

# HOUSE BILL REPORT

## HB 2906

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**As Reported By House Committee On:**  
Trade & Economic Development

**Title:** An act relating to defining distressed area for purposes of economic assistance.

**Brief Description:** Defining distressed area for purposes of economic assistance.

**Sponsors:** Representatives Schoesler, Mastin, Grant, Sheahan and O'Brien.

**Brief History:**

**Committee Activity:**

Trade & Economic Development: 2/5/98 [DP].

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Eickmeyer, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

**Staff:** Kenny Pittman (786-7392).

**Background:** The state of Washington has developed various incentives that are designed to assist in job creation or retention in economically distressed areas. The incentives available to businesses located in a distressed area include a sales and use tax exemption on equipment purchases and building construction, a tax credit for employee training, and a tax credit for job creation.

A distressed area is classified as either: (a) a county with an unemployment rate that is 20 percent higher than the state unemployment rate for the previous three years; or (b) a county with a median income that is 75 percent of the state median income for the previous three years; or (c) a metropolitan statistical area (MSA) in which the average unemployment rate is 20 percent higher than the state unemployment rate for the previous year; or (d) a county designated as a rural natural resource impact area; or (e) a county designated by the Governor as an eligible area as a result of natural disaster, business closure, military base closure, or mass layoff.

**Summary of Bill:** The definition of "distressed area" is modified to include a county that has a proportion of its population on medical assistance that is 40 percent or more above the state average for the previous three years.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This will add an additional criteria to determine economic distress in an area. The designation as a distressed area will make available state incentives that can be used in our economic development efforts.

**Testimony Against:** None.

**Testified:** Representative Schoesler, prime sponsor (pro); and Scott Taylor, Washington Public Ports Association/Port of Clarkston (pro).