
**Community Development, Housing &
Tribal Affairs Committee**

HB 1343

Brief Description: Modifying the Washington main street program by increasing the total amount of tax credits allowed under the program and making administrative changes to the program.

Sponsors: Representatives Wylie, Nealey, Appleton, Haler, Smith, Stambaugh, Sullivan, Young, Caldier, Gregerson, Hayes, Manweller, Vick, Tharinger, Klippert, Doglio, Dolan, Orwall, Dent, Stokesbary, Johnson, Stonier, Pike, Chapman, Steele and Hargrove.

Brief Summary of Bill

- Increased the tax credit limit for the Main Street tax incentive program from \$1.5 million to \$5 million.
- Requires the equal distribution of the amount of tax credits among the local Main Street programs and the Main Street Trust Fund Account.

Hearing Date: 2/7/17

Staff: Sean Flynn (786-7124).

Background:

Main State Tax Incentive Program.

The Main Street Program (Program) provides assistance for local downtown or neighborhood commercial district revitalization initiatives. The Program is operated by the Department of Archeology and Historic Preservation (Department), which provides initial site evaluations by technical specialists, training for local programs and staff, as well as design and implementation assistance to local governments and organizations for revitalization programs. The Department also may provide financial assistance for initial start-up costs for a local program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Department may designate local commercial district revitalization programs as a local Main Street program (local program) that qualifies the local program to participate in a tax incentive program. The qualifications are based on certain criteria. The boundaries of a local program must be approved by the Department and are generally defined by the pedestrian core of a traditional commercial. The Department may not designate a program undertaken by a local government with a population over 190,000 people.

The tax incentive program is administered by the Department of Revenue (DOR) and allows persons making contributions to a designated local Main Street program, or generally to the Main Street Trust Fund Account (Trust Fund), to claim a tax credit on the state business & occupation tax or public utility tax. Contributions must be approved by the DOR before they are made to a local program or to the Trust Fund. The DOR approves applications for qualifying contributions on a first-come basis. The contribution must be made in the same calendar year that the contribution was approved.

The tax credit is worth:

- Seventy-five percent of a contribution made directly to a designated program; and
- Fifty percent of a contribution made to the Trust Fund.

The tax credit program has certain limits. No person may receive a tax credit over \$250,000 in each calendar year. The total tax credits allowed for each designated program may not exceed \$100,000 per calendar year. The total tax credits allowed statewide may not exceed \$1.5 million for each calendar year.

Summary of Bill:

The Main Street tax incentive program tax credit limit for contributions approved statewide is raised from \$1.5 million to \$5 million per year. The Department of Revenue must allocate the total amount of statewide tax credits equally among all local programs and the Trust Fund. Such allocations may exceed the \$100,000 limit on tax credits for a local program.

A person must make a qualifying contribution to a local program, or the Trust Fund, by November 15 of the year that the DOR approved the contribution, or the tax credit is forfeited. Any forfeited credit must be made available to new applicants. A person approved after November 15 must make the contribution by the end of the same calendar year.

The Joint Legislative Audit and Review Committee (JLARC) must provide a 10-year review to the act regarding participation of small businesses in the Main Street Program. If the JLARC review determined by 2027 that the number of small businesses has decreased, then the act expires by 2028.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.