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

HB 2462

Brief Description: Increasing access to the main street program.

Sponsors: Representatives Maycumber, Chapman, Jenkin, Nealey, McCabe, Schmick, Vick, Eslick, Appleton, Kretz, Manweller, Dent, Haler and Senn.

Brief Summary of Bill

- Makes nonprofit organizations with economic development missions eligible for local Main Street Program (local) designation by the Department of Archeology and Historic Preservation.
- Makes persons contributing to such organizations eligible to claim tax credits under the Main Street tax incentive program.

Hearing Date: 1/17/18

Staff: Kirsten Lee (786-7133).

Background:

Main Street Program.

The state Main Street Program (Program) provides technical assistance for local comprehensive downtown or neighborhood commercial district revitalization initiatives. The Department of Archeology and Historic Preservation (DAHP) operates the Program through a contract with the Washington Trust for Historic Preservation. The DAHP provides initial site evaluations by technical specialists, training for local programs and staff, and design and implementation assistance to local governments, businesses, organizations, and property owners undertaking revitalization initiatives. The DAHP also may provide financial assistance for initial start-up costs for a local program.

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The DAHP may designate local downtown or neighborhood commercial district revitalization programs and official local Main Street programs (local programs) for such assistance based on certain criteria including:

- the degree of interest and commitment to comprehensive downtown or neighborhood commercial district revitalization and historic preservation by both the public and private sectors;
- the evidence of potential private sector investment in the downtown or neighborhood commercial district;
- a downtown or neighborhood commercial district with sufficient historic fabric to become a foundation for an enhanced community image;
- the capacity of the organization to undertake a comprehensive program and the financial commitment to implement a long-term downtown or neighborhood commercial district revitalization program that includes a commitment to employ a professional program manager and maintain a sufficient operating budget;
- the DAHP's existing downtown revitalization program's tier system; and
- the National Main Street Center's criteria for designating official Main Street cities.

The Department may not designate a program undertaken by a local government with a population over 190,000 people.

Main Street Tax Incentive Program.

Designation of a nonprofit organization with the sole mission of revitalizing a downtown or neighborhood commercial district area by the DAHP as a local program qualifies that program to participate in the state Main Street Tax Incentive program.

The Main Street Tax Incentive program is administered by the Department of Revenue (DOR) and allows persons making contributions to a local program, or generally to the state Main Street Trust Fund Account (Trust Fund), to claim a Business & Occupation (B&O) tax credit or a Public Utility Tax (PUT) credit. The contribution must be made in the same calendar year that the contribution was approved.

The tax credit is worth:

- 75 percent of a contribution made directly to a designated local program; and
- 50 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 per calendar year. The total tax credits allowed for each designated local program may not exceed \$100,000 per calendar year. The total tax credits allowed statewide may not exceed \$2.5 million per calendar year.

Summary of Bill:

Certain changes are made that expand eligibility for organizations designated as local programs and the ability for persons contributing to these organizations to claim tax credits through the Main Street tax program.

Main Street Program.

The Department must consider the following criteria when evaluating an organization for local program designation:

- the degree of interest and commitment to comprehensive downtown or neighborhood commercial district revitalization and historic preservation by both the public and private sectors;
- the evidence of potential private sector investment in the downtown or neighborhood commercial district; and
- a downtown or neighborhood commercial district with sufficient historic fabric to become a foundation for an enhanced community image.

However, if the organization is a nonprofit organization with the sole mission of revitalizing a downtown, or neighborhood, commercial district, the Department must also consider:

- the capacity of the organization to undertake a comprehensive program and the financial commitment to implement a long-term downtown or neighborhood commercial district revitalization program that includes a commitment to employ a professional program manager and maintain a sufficient operating budget;
- the department's existing downtown revitalization program's tier system; and
- the national main street center's criteria for designating official main street cities.

Main Street Tax Incentive Program.

Tax credits through the Main Street Tax Incentive Program may also be claimed by persons who make contributions to certain designated organizations with economic development missions. These organizations must be located in a rural county may not have had a program designated within the county before 2018.

Appropriation: None.

Fiscal Note: Available.

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