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By House Committee on Trade, Economic Development & Housing (originally sponsored by Representatives Wineberry, Conway, Sheldon, Shin, Morris, Springer, Valle, Campbell, Patterson, Veloria, Lemmon, Pruitt and J. Kohl)

Read first time 03/03/93.

1 AN ACT Relating to neighborhood reinvestment; amending RCW
2 82.62.010, 82.62.040, 82.60.020, 82.60.050, 82.61.010, 82.61.040,
3 82.61.070, 43.160.060, 43.165.010, and 43.168.020; adding new sections
4 to chapter 82.04 RCW; adding new sections to chapter 82.08 RCW; adding
5 new sections to chapter 82.12 RCW; adding a new section to chapter
6 84.36 RCW; adding new sections to chapter 30.60 RCW; adding new
7 sections to chapter 43.84 RCW; adding new sections to chapter 43.155
8 RCW; adding a new section to chapter 43.31 RCW; adding a new section to
9 chapter 43.63A RCW; adding a new section to chapter 50.08 RCW; adding
10 a new chapter to Title 43 RCW; creating new sections; and making
11 appropriations.

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

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

14 (a) Neighborhoods are a powerful indicator of the diversity and
15 health of the state;

16 (b) There are geographic areas within communities that are
17 characterized by a lack of employment opportunities and high
18 unemployment, by an average income level that is below the median
19 income level for the surrounding community, by a lack of affordable

1 housing, by deteriorating infrastructure, and by a lack of facilities
2 for community services, job training, and education;

3 (c) Strategies to encourage reinvestment in these neighborhoods by
4 assisting local businesses to become stronger and neighborhood
5 residents to gain economic power involve a variety of activities;

6 (d) Reinvestment in these neighborhoods cannot be accomplished with
7 only governmental resources and requires a comprehensive approach that
8 integrates various incentives, initiatives, and programs to meet the
9 economic, physical, and social needs of the neighborhood;

10 (e) Successful neighborhood reinvestment depends on a local
11 government's ability to coordinate public resources in a cohesive
12 strategy designed to leverage long-term private investment;

13 (f) Neighborhood reinvestment can strengthen the overall community
14 tax base through increased taxes realized from the establishment of new
15 business and physical property improvements;

16 (g) Local governments, in cooperation with neighborhood residents,
17 can provide leadership as well as planning and coordination of
18 resources and necessary services to address reinvestment in
19 neighborhoods; and

20 (h) It is in the public interest to adopt a targeted approach to
21 neighborhood reinvestment and enlist the resources of the public and
22 private sectors, and neighborhood groups to revitalize neighborhoods.

23 (2) The legislature declares that the purposes of the neighborhood
24 reinvestment act are to:

25 (a) Encourage neighborhood reinvestment through strong partnerships
26 and cooperation between all levels of government, community-based
27 organizations, neighborhood residents, and the private sector;

28 (b) Involve and educate the private sector and stimulate private
29 reinvestment through the judicious use of public resources;

30 (c) Target governmental resources to those neighborhoods in
31 greatest need; and

32 (d) Include neighborhood individuals and organizations in the
33 policy-making process.

34 **PART I -- GENERAL PROVISIONS AND POLICIES**

35 NEW SECTION. **Sec. 101.** (1) It is the goal of the state of
36 Washington to create an environment that fosters economic reinvestment
37 and empowerment of neighborhood residents through public and private

1 sectors, and neighborhood efforts. The legislature declares that
2 attainment of that goal is a state priority.

3 (2) The objectives of the neighborhood reinvestment act are to
4 attain the state's goal of economic reinvestment and empowerment of
5 neighborhood residents by working with the public and private sectors,
6 and neighborhood residents to:

7 (a) Develop local comprehensive neighborhood reinvestment
8 strategies that reflect the diverse elements of the neighborhood;

9 (b) Expand homeownership and rental housing opportunities;

10 (c) Increase employment opportunities for neighborhood residents;

11 (d) Link housing and supportive services;

12 (e) Revitalize the physical infrastructure;

13 (f) Develop new private investment in the neighborhood; and

14 (g) Stimulate neighborhood business development and retention.

15 NEW SECTION. **Sec. 102.** Unless the context clearly requires
16 otherwise, the definitions in this section apply throughout this
17 chapter.

18 (1) "Affordable housing" means residential housing that is rented
19 or owned by a person or household whose monthly housing costs,
20 including utilities other than telephone, do not exceed thirty percent
21 of the household's monthly income.

22 (2) "Business firm" means any incorporated or unincorporated
23 business entity authorized to do business in the state of Washington
24 and subject to the state's business and occupation taxes levied in
25 chapter 82.04 RCW.

26 (3) "Community service" means any type of counseling and advice,
27 emergency assistance, or medical care furnished to individuals or
28 groups in a designated neighborhood reinvestment area.

29 (4) "Crime prevention" means any activity that aids in the
30 reduction of crime in a designated neighborhood reinvestment area.

31 (5) "Designated neighborhood reinvestment area" means a geographic
32 area within the boundaries of a local government that meets the
33 requirements of section 104 of this act and is so designated by the
34 director of the department of community development.

35 (6) "Education" means any type of scholastic instruction or
36 scholarship assistance to any person who resides in a designated
37 neighborhood reinvestment area that enable that person to prepare for
38 better employment opportunities.

1 (7) "Housing assistance" means any activity that aids in the
2 acquisition, preservation, rehabilitation, or construction of
3 affordable housing within a designated neighborhood reinvestment area.

4 (8) "Job training" means any type of instruction to any person who
5 resides in a designated neighborhood reinvestment area that enable that
6 person to acquire vocational skills to become employable or seek a
7 higher grade of employment.

8 (9) "Local government" means a city, town, or county.

9 (10) "Neighborhood assistance" means furnishing financial
10 assistance, labor, material, or technical assistance to aid in the
11 provision of community services, crime prevention, education, job
12 training, and housing assistance activities in a designated
13 neighborhood reinvestment area.

14 (11) "Nonprofit organization" means any public or private nonprofit
15 organization that: (a) Is organized under federal, state, or local
16 laws; (b) has no part of its net earnings inuring to the benefit of any
17 member, founder, contributor, or individual; and (c) has among its
18 purposes significant activities related to neighborhood assistance
19 activities in designated neighborhood reinvestment areas. The term
20 also includes public housing authorities created under chapter 35.82
21 RCW and public corporations created under chapter 35.21 RCW that are
22 located in designated neighborhood reinvestment areas.

23 NEW SECTION. Sec. 103. (1) Any local government may apply to the
24 director of the department of community development for designation of
25 an area within the local government as a designated neighborhood
26 reinvestment area.

27 (2) The application shall be in the form and manner and contain
28 such information as the director of the department of community
29 development may, by rule, determine, provided that the application for
30 designation shall:

31 (a) Contain information sufficient for the director of the
32 department of community development to determine if the criteria
33 established in section 104 of this act have been met.

34 (b) Be submitted on behalf of the local government by its chief
35 elected official, or, if none, by the governing body of the local
36 government.

37 (c) Contain a five-year neighborhood reinvestment plan that
38 describes the proposed designated neighborhood reinvestment area's

1 community development needs and present a strategy for meeting those
2 needs. The plan shall address the following categories: Housing
3 needs; public infrastructure needs, such as transportation, water,
4 sanitation, energy, and drainage/flood control; other public facilities
5 needs, such as neighborhood facilities or facilities for provision of
6 health, education, recreation, public safety, or other services;
7 community economic development needs, such as commercial/industrial
8 revitalization, job creation and retention considering the unemployment
9 and underemployment of area residents, accessibility to financial
10 resources by area residents and businesses, investment within the area,
11 or other related components of community economic development; and
12 social service needs.

13 The local government is required to provide a description of its
14 strategy for meeting the needs identified in this subsection (2)(c).
15 As part of the strategy, the local government is required to identify
16 the needs for which specific plans are currently in place and the
17 source of funds expected to be used. For the balance of the area's
18 needs, the local government must identify the source of funds expected
19 to become available during the next two-year period and actions the
20 local government will take to acquire those funds.

21 (d) Certify that neighborhood residents were given the opportunity
22 to participate in the development of the five-year neighborhood
23 reinvestment strategy required under (c) of this subsection.

24 (3) No local government shall submit more than two neighborhoods to
25 the director of the department of community development for possible
26 designation as a designated neighborhood reinvestment area under this
27 section.

28 (4)(a) Within ninety days after January 1, 1994, the director of
29 the department of community development may designate up to six
30 designated neighborhood reinvestment areas from among the applications
31 eligible for designation as a designated neighborhood reinvestment area
32 under this section. The director of the department of community
33 development shall make determinations of designated neighborhood
34 reinvestment areas on the basis of the following factors:

35 (i) The strength and quality of the local government commitments to
36 meet the needs identified in the five-year neighborhood reinvestment
37 plan required under this section.

1 (ii) The level of private commitments by private entities of
2 additional resources and contribution to the designated neighborhood
3 reinvestment area.

4 (iii) The potential for reinvestment in the area as a result of
5 designation as a designated neighborhood reinvestment area.

6 (iv) Other factors the director of the department of community
7 development deems necessary.

8 (b) The determination of the director of the department of
9 community development as to the areas designated as neighborhood
10 reinvestment areas shall be final.

11 NEW SECTION. **Sec. 104.** (1) The director of the department of
12 community development may not designate any area as a designated
13 neighborhood reinvestment area unless that area meets the following
14 requirements:

15 (a) The area must be designated by the legislative authority of the
16 local government as an area to receive federal, state, and local
17 assistance designed to increase economic, physical, or social activity
18 in the area;

19 (b) The area must have at least fifty-one percent of the households
20 in the area with incomes at or below eighty percent of the county's
21 median income, adjusted for household size;

22 (c) The average unemployment rate for the area, for the most recent
23 twelve-month period for which data is available must be at least one
24 hundred twenty percent of the average unemployment rate of the county;
25 and

26 (d) A five-year neighborhood reinvestment plan for the area that
27 meets the requirements of section 103(2)(c) of this act and as further
28 defined by the director of the department of community development must
29 be adopted.

30 (2) The director of the department of community development may
31 establish, by rule, such other requirements as the director may
32 reasonably determine necessary and appropriate to assure that the
33 purposes of this section are satisfied.

34 (3) In determining if an area meets the requirements of this
35 section, the director of the department of community development may
36 consider data provided by the United State bureau of the census from
37 the most recent census or any other reliable data that the director

1 determines to be acceptable for the purposes for which the data is
2 used.

3 **PART II -- BUSINESS AND HOUSING TAX INCENTIVES**

4 **Subpart A - Business and Occupation Tax Credits for Contributions**

5 NEW SECTION. **Sec. 201.** Unless the context clearly requires
6 otherwise, the definitions in this section apply throughout sections
7 202 through 206 of this act.

8 (1) "Affordable housing" has the same meaning as in section 102 of
9 this act.

10 (2) "Business firm" has the same meaning as in section 102 of this
11 act.

12 (3) "Community service" has the same meaning as in section 102 of
13 this act.

14 (4) "Crime prevention" has the same meaning as in section 102 of
15 this act.

16 (5) "Designed neighborhood reinvestment area" has the same meaning
17 as in section 102 of this act.

18 (6) "Education" has the same meaning as in section 102 of this act.

19 (7) "Housing assistance" has the same meaning as in section 102 of
20 this act.

21 (8) "Job training" has the same meaning as in section 102 of this
22 act.

23 (9) "Neighborhood assistance" has the same meaning as in section
24 102 of this act.

25 (10) "Nonprofit organization" has the same meaning as in section
26 102 of this act.

27 (11) "Recipient" means the person or business firm receiving tax
28 credits under this chapter.

29 NEW SECTION. **Sec. 202.** The department shall establish a program
30 to provide tax credits to business firms making contributions to
31 nonprofit organizations that are undertaking neighborhood assistance
32 activities in designated neighborhood reinvestment areas. The tax
33 credit may be used as a credit against any of the taxes imposed on the
34 business firm under this chapter.

1 NEW SECTION. **Sec. 203.** (1) Application for tax credit under this
2 chapter must be made before the actual contribution to the neighborhood
3 assistance activity is made. The application shall be made to the
4 department of community development in a form and manner prescribed by
5 the department of revenue and department of community development.

6 (2) The department of community development shall transmit a copy
7 of the completed application for tax credits to the department of
8 revenue, with its recommendations, within ten working days after
9 receipt thereof. Within thirty days after receipt of the completed
10 application from the department of community development, the
11 department of revenue shall determine the amount of tax credits to be
12 allocated to the business firm. The department of revenue shall notify
13 the department of community development of its decision within ten
14 working days.

15 (3) The department of revenue, in consultation with the department
16 of community development, shall adopt rules specifying the
17 administrative procedures applicable to applicants for tax credits, the
18 form and manner in which the applications shall be filed, and the
19 information to be contained therein. The rule shall apply to
20 administrative procedure before the department of revenue and the
21 department of community development.

22 NEW SECTION. **Sec. 204.** In order to qualify for the tax credits in
23 section 202 of this act, the neighborhood assistance activity must meet
24 the following requirements:

25 (1) The neighborhood assistance activity must be located in a
26 designated neighborhood reinvestment area;

27 (2) The business firm's contribution must be made to a nonprofit
28 organization that is undertaking neighborhood assistance activities
29 that are consistent with the area's five-year neighborhood reinvestment
30 strategy under section 103 of this act.

31 NEW SECTION. **Sec. 205.** (1) No tax credit under this chapter for
32 neighborhood assistance activities may be issued after December 31,
33 2001.

34 (2) The department shall grant a credit against the tax due under
35 this chapter of an amount equal to fifty percent of the approved amount
36 contributed by the business firm for eligible neighborhood assistance

1 activities in designated neighborhood reinvestment areas during the
2 taxable year.

3 (3) Any tax credit not used during the taxable year in which the
4 contribution was made may be carried forward for the five immediately
5 succeeding taxable years until the full credit has been used.

6 (4) The department shall keep a running total of all tax credits
7 granted under this chapter during each fiscal biennium. The department
8 shall not allow any credits that would cause the total tabulation for
9 a biennium to exceed five million dollars. If all or part of an
10 application for credit is disallowed under this subsection, the
11 disallowed portion shall be carried over for approval the next
12 biennium.

13 (5) No tax credit shall be granted to any bank, bank and trust
14 company, trust company, national bank, savings bank, savings
15 association, or savings and loan association for activities that are a
16 part of its normal course of business.

17 (6) No recipient is eligible for tax credits in excess of two
18 hundred thousand dollars during the taxable year and no tax credit
19 shall be granted to any business firm for any amount contributed of
20 less than two hundred fifty dollars.

21 NEW SECTION. **Sec. 206.** Applications and any other information
22 received by the department under sections 202 through 205 of this act
23 shall not be confidential and shall be subject to disclosure.

24 **Subpart B - Tax Incentives for the Preservation of Affordable Housing**

25 NEW SECTION. **Sec. 207.** A new section is added to chapter 82.08
26 RCW to read as follows:

27 (1) The tax levied by RCW 82.08.020 shall not apply to the retail
28 sale of building materials used in the remodeling, rehabilitation, or
29 new construction of affordable housing or to the labor used to
30 incorporate such building materials into real estate. As used in this
31 section, "affordable housing" is as defined in section 102 of this act.

32 (2) In order to qualify for the exemption of retail sales tax on
33 materials or labor under this section, the affordable housing must meet
34 the following requirements:

35 (a) The affordable housing must be located in a designated
36 neighborhood reinvestment area under section 103 of this act;

1 (b) The affordable housing development must be owned by an
2 organization eligible to receive assistance through the Washington
3 housing trust fund created in chapter 43.185 RCW;

4 (c) The affordable housing development must contain two or more
5 residential rental dwelling units. Rental units used on a transient
6 basis shall not be considered under this section; and

7 (d) At least fifty percent of the dwelling units must be set aside
8 for occupancy by households with incomes at or below eighty percent of
9 the median income, adjusted for household size, for the county where
10 the dwelling unit is located for a period of at least twenty-five
11 years.

12 (3) The department of revenue, in consultation with the department
13 of community development, shall adopt rules specifying the
14 administrative procedures applicable to applicants for exemption from
15 retail sales tax on materials or labor, the form, manner, and time in
16 which applications shall be filed, the information to be contained
17 therein, and criteria for the approval or denial of requests for the
18 exemption from retail sales tax on materials or labor under this
19 chapter. The rules shall apply to both the department of revenue and
20 the department of community development.

21 (4) The department of revenue shall grant an exemption from retail
22 sales tax on materials or labor for affordable housing that is approved
23 by the department of community development. The department of revenue
24 shall keep a running total of exemptions granted under this section and
25 section 208 of this act during each fiscal biennium. The department of
26 revenue shall not allow any exemption that would cause the total
27 tabulation for a biennium to exceed two million dollars.

28 (5) This section shall expire January 1, 2002.

29 NEW SECTION. **Sec. 208.** A new section is added to chapter 82.12
30 RCW to read as follows:

31 (1) The provisions of this chapter shall not apply in respect to
32 the use of building materials used in the remodeling, rehabilitation,
33 or new construction of affordable housing or to the labor used to
34 incorporate such building materials into real estate. As used in this
35 section, "affordable housing" is as defined in section 102 of this act.

36 (2) In order to qualify for the exemption granted by this section,
37 the affordable housing must meet the following requirements:

1 (a) The affordable housing must be located in a designated
2 neighborhood reinvestment area under section 103 of this act;

3 (b) The affordable housing development must be owned by an
4 organization eligible to receive assistance through the Washington
5 housing trust fund created in chapter 43.185 RCW;

6 (c) The affordable housing development must contain two or more
7 residential rental dwelling units. Rental units used on a transient
8 basis shall not be considered under this section; and

9 (d) At least fifty percent of the dwelling units must be set aside
10 for occupancy by households with incomes at or below eighty percent of
11 the median income, adjusted for household size, for the county where
12 the dwelling unit is located for a period of at least twenty-five
13 years.

14 (3) The department of revenue, in consultation with the department
15 of community development, shall adopt rules specifying the
16 administrative procedures applicable to applicants for the tax
17 exemption under this section, the form, manner, and time in which
18 applications shall be filed, the information to be contained therein,
19 and criteria for the approval or denial of requests for the tax
20 exemption under this chapter. The rules shall apply to both the
21 department of revenue and the department of community development.

22 (4) This section shall expire January 1, 2002.

23 NEW SECTION. **Sec. 209.** A new section is added to chapter 84.36
24 RCW to read as follows:

25 (1) Any physical improvements to affordable housing upon real
26 property shall be exempt from taxation for the three assessment years
27 subsequent to the completion of the improvements. As used in this
28 section, "affordable housing" has the same meaning as in section 102 of
29 this act. In order to qualify for the property tax exemption, the
30 property must meet the following requirements:

31 (a) The affordable housing must be owned by an organization
32 eligible to receive assistance through the Washington housing trust
33 fund under chapter 43.185 RCW;

34 (b) The affordable housing must contain two or more residential
35 dwelling units;

36 (c) The value of the improvements to the affordable housing must
37 exceed twenty percent of the current assessed value of the original
38 structure;

1 (d) At least fifty percent of the dwelling units must be set aside
2 for occupancy by households with incomes at or below eighty percent of
3 the median income, adjusted for household size, for the county where
4 the dwelling unit is located for a period of at least twenty-five
5 years; and

6 (e) The rent paid by lower-income households in the dwelling units
7 cannot exceed thirty percent of the household's income.

8 (2) Application for the exemption granted by this section must be
9 made prior to the improvements being made. The application shall be
10 made on forms prescribed by the department of revenue and furnished to
11 the taxpayer by the county assessor. This exemption may not be claimed
12 more than once in a five-year period.

13 (3) The department of revenue, in consultation with the department
14 of community development, shall adopt such rules as are necessary and
15 convenient to properly administer the provisions of this section.

16 (4) The department of revenue shall grant a property tax exemption
17 under this section for affordable housing developments that are
18 approved by the department of community development. The department of
19 revenue shall keep a running total of exemptions granted under this
20 section during each fiscal biennium.

21 (5) Applications and any other information received by the county
22 assessor under this section shall be confidential. However, the
23 department of community development and the department of revenue may
24 conduct such audits of the administration of this section, and the
25 claims for exemptions filed under this section, as they consider
26 necessary.

27 (6) Any applicant knowingly signing a false application for an
28 exemption under this section shall have the exemption revoked under the
29 provisions of RCW 84.36.845.

30 (7) This section shall expire January 1, 2002.

31 **Subpart C - Tax Incentives for Business Development and Retention**

32 **Sec. 210.** RCW 82.62.010 and 1988 c 42 s 17 are each amended to
33 read as follows:

34 Unless the context clearly requires otherwise, the definitions in
35 this section apply throughout this chapter.

36 (1) "Applicant" means a person applying for a tax credit under this
37 chapter.

1 (2) "Department" means the department of revenue.

2 (3) "Eligible area" means: (a) A county in which the average level
3 of unemployment for the three years before the year in which an
4 application is filed under this chapter exceeds the average state
5 unemployment for those years by twenty percent; ~~((or))~~ (b) a
6 metropolitan statistical area, as defined by the office of federal
7 statistical policy and standards, United States department of commerce,
8 in which the average level of unemployment for the calendar year
9 immediately preceding the year in which an application is filed under
10 this chapter exceeds the average state unemployment for such calendar
11 year by twenty percent ~~((. Applications under this subsection (3)(b)~~
12 ~~shall be filed by April 30, 1989));~~ or (c) a designated neighborhood
13 reinvestment area approved under section 103 of this act.

14 (4)(a) "Eligible business project" means manufacturing or research
15 and development activities which are conducted by an applicant in an
16 eligible area at a specific facility: PROVIDED, That the applicant's
17 average full-time qualified employment positions at the specific
18 facility will be at least fifteen percent greater in the year for which
19 the credit is being sought than the applicant's average full-time
20 qualified employment positions at the same facility in the immediately
21 preceding year.

22 (b) "Eligible business project" does not include any portion of a
23 business project undertaken by a light and power business as defined in
24 RCW 82.16.010(5) or that portion of a business project creating
25 qualified full-time employment positions outside an eligible area or
26 those recipients of a sales tax deferral under chapter 82.61 RCW.

27 (5) "Manufacturing" means all activities of a commercial or
28 industrial nature wherein labor or skill is applied, by hand or
29 machinery, to materials so that as a result thereof a new, different,
30 or useful substance or article of tangible personal property is
31 produced for sale or commercial or industrial use and shall include the
32 production or fabrication of specially made or custom made articles.
33 "Manufacturing" also includes computer programming, the production of
34 computer software, and other computer-related services, and the
35 activities performed by research and development laboratories and
36 commercial testing laboratories.

37 (6) "Person" has the meaning given in RCW 82.04.030.

1 (7) "Qualified employment position" means a permanent full-time
2 employee employed in the eligible business project during the entire
3 tax year.

4 (8) "Tax year" means the calendar year in which taxes are due.

5 (9) "Recipient" means a person receiving tax credits under this
6 chapter.

7 (10) "Research and development" means the development, refinement,
8 testing, marketing, and commercialization of a product, service, or
9 process before commercial sales have begun. As used in this
10 subsection, "commercial sales" excludes sales of prototypes or sales
11 for market testing if the total gross receipts from such sales of the
12 product, service, or process do not exceed one million dollars.

13 **Sec. 211.** RCW 82.62.040 and 1988 c 41 s 4 are each amended to read
14 as follows:

15 RCW 82.62.020 and 82.62.030 shall expire (~~July 1, 1994~~) January
16 1, 2002.

17 **Sec. 212.** RCW 82.60.020 and 1988 c 42 s 16 are each amended to
18 read as follows:

19 Unless the context clearly requires otherwise, the definitions in
20 this section apply throughout this chapter.

21 (1) "Applicant" means a person applying for a tax deferral under
22 this chapter.

23 (2) "Department" means the department of revenue.

24 (3) "Eligible area" means: (a) A county in which the average level
25 of unemployment for the three years before the year in which an
26 application is filed under this chapter exceeds the average state
27 unemployment for those years by twenty percent; (~~or~~) (b) a
28 metropolitan statistical area, as defined by the office of federal
29 statistical policy and standards, United States department of commerce,
30 in which the average level of unemployment for the calendar year
31 immediately preceding the year in which an application is filed under
32 this chapter exceeds the average state unemployment for such calendar
33 year by twenty percent(~~(. Applications under this subsection (3)(b)~~
34 ~~shall be filed by April 30, 1989)); or (c) a designated neighborhood
35 reinvestment area approved under section 103 of this act.~~

36 (4)(a) "Eligible investment project" means that portion of an
37 investment project which:

1 (i) Is directly utilized to create at least one new full-time
2 qualified employment position for each three hundred thousand dollars
3 of investment on which a deferral is requested; and

4 (ii) Either initiates a new operation, or expands or diversifies a
5 current operation by expanding or renovating an existing building with
6 costs in excess of twenty-five percent of the true and fair value of
7 the plant complex prior to improvement; or

8 (iii) Acquires machinery and equipment to be used for either
9 manufacturing or research and development if the machinery and
10 equipment is housed in a new leased structure: PROVIDED, That the
11 lessor/owner of the structure is not eligible for a deferral unless the
12 underlying ownership of the buildings, machinery, and equipment vests
13 exclusively in the same person.

14 (b) "Eligible investment project" does not include any portion of
15 an investment project undertaken by a light and power business as
16 defined in RCW 82.16.010(5) or investment projects which have already
17 received deferrals under this chapter.

18 (5) "Investment project" means an investment in qualified buildings
19 and qualified machinery and equipment, including labor and services
20 rendered in the planning, installation, and construction of the
21 project.

22 (6) "Manufacturing" means all activities of a commercial or
23 industrial nature wherein labor or skill is applied, by hand or
24 machinery, to materials so that as a result thereof a new, different,
25 or useful substance or article of tangible personal property is
26 produced for sale or commercial or industrial use and shall include the
27 production or fabrication of specially made or custom made articles.
28 "Manufacturing" also includes computer programming, the production of
29 computer software, and other computer-related services, and the
30 activities performed by research and development laboratories and
31 commercial testing laboratories.

32 (7) "Person" has the meaning given in RCW 82.04.030.

33 (8) "Qualified buildings" means new structures used for
34 manufacturing and research and development activities, including plant
35 offices and warehouses or other facilities for the storage of raw
36 material or finished goods if such facilities are an essential or an
37 integral part of a factory, mill, plant, or laboratory used for
38 manufacturing or research and development. If a building is used
39 partly for manufacturing or research and development and partly for

1 other purposes, the applicable tax deferral shall be determined by
2 apportionment of the costs of construction under rules adopted by the
3 department.

4 (9) "Qualified employment position" means a permanent full-time
5 employee employed in the eligible investment project during the entire
6 tax year.

7 (10) "Qualified machinery and equipment" means all new industrial
8 and research fixtures, equipment, and support facilities that are an
9 integral and necessary part of a manufacturing or research and
10 development operation. "Qualified machinery and equipment" includes:
11 Computers; software; data processing equipment; laboratory equipment;
12 manufacturing components such as belts, pulleys, shafts, and moving
13 parts; molds, tools, and dies; operating structures; and all equipment
14 used to control or operate the machinery.

15 (11) "Recipient" means a person receiving a tax deferral under this
16 chapter.

17 (12) "Research and development" means the development, refinement,
18 testing, marketing, and commercialization of a product, service, or
19 process before commercial sales have begun. As used in this
20 subsection, "commercial sales" excludes sales of prototypes or sales
21 for market testing if the total gross receipts from such sales of the
22 product, service, or process do not exceed one million dollars.

23 **Sec. 213.** RCW 82.60.050 and 1988 c 41 s 5 are each amended to read
24 as follows:

25 RCW 82.60.030 and 82.60.040 shall expire (~~July 1, 1994~~) January
26 1, 2002.

27 **Sec. 214.** RCW 82.61.010 and 1988 c 41 s 1 are each amended to read
28 as follows:

29 Unless the context clearly requires otherwise, the definitions in
30 this section apply throughout this chapter.

31 (1) "Applicant" means a person applying for a tax deferral under
32 this chapter.

33 (2) "Person" has the meaning given in RCW 82.04.030.

34 (3) "Department" means the department of revenue.

35 (4) "Eligible investment project" means:

36 (a) Construction of new buildings and the acquisition of new
37 related machinery and equipment when the buildings, machinery, and

1 equipment are to be used for either manufacturing or research and
2 development activities, which construction is commenced prior to
3 December 31, (~~1994~~) 2001; or

4 (b) Acquisition prior to December 31, (~~1994~~) 2001, of new
5 machinery and equipment to be used for either manufacturing or research
6 and development if the machinery and equipment is housed in a new
7 leased structure: PROVIDED, That the lessor/owner of the structure is
8 not eligible for a deferral unless the underlying ownership of the
9 buildings, machinery, and equipment vests exclusively in the same
10 person; or

11 (c) Acquisition of all new or used machinery, equipment, or other
12 personal property for use in the production or casting of aluminum at
13 an aluminum smelter or at facilities related to an aluminum smelter, if
14 the plant was in operation prior to 1975 and has ceased operations or
15 is in imminent danger of ceasing operations for economic reasons, as
16 determined by the department, and if the person applying for a deferral
17 (i) has consulted with any collective bargaining unit that represented
18 employees of the plant pursuant to a collective bargaining agreement
19 that was in effect either immediately prior to the time the plant
20 ceased operations or during the period when the plant was in imminent
21 danger of ceasing operations, on the proposed operation of the plant
22 and on the terms and conditions of employment for wage and salaried
23 employees and (ii) has obtained a written concurrence from the
24 bargaining unit on the decision to apply for a deferral under this
25 chapter; or

26 (d) Modernization projects involving construction, acquisition, or
27 upgrading of equipment or machinery, including services and labor,
28 which are commenced after May 19, 1987, and are intended to increase
29 the operating efficiency of existing plants which are either aluminum
30 smelters or aluminum rolling mills or of facilities related to such
31 plants, if the plant was in operation prior to 1975, and if the person
32 applying for a deferral (i) has consulted with any collective
33 bargaining unit that represents employees of the plant on the proposed
34 operation of the plant and the terms and conditions of employment for
35 wage and salaried employees and (ii) has obtained a written concurrence
36 from the bargaining unit on the decision to apply for a deferral under
37 this chapter.

38 (5) "Manufacturing" means all activities of a commercial or
39 industrial nature wherein labor or skill is applied, by hand or

1 machinery, to materials so that as a result thereof a new, different,
2 or useful substance or article of tangible personal property is
3 produced for sale or commercial or industrial use and includes the
4 production or fabrication of specially made or custom-made articles.

5 (6) "Research and development" means the development, refinement,
6 testing, marketing, and commercialization of a product, service, or
7 process before commercial sales have begun.

8 (7) "Buildings" means only those new structures used for either
9 manufacturing or research and development activities, including plant
10 offices and warehouses or other facilities for the storage of raw
11 materials or finished goods if such facilities are an essential or an
12 integral part of a factory, mill, plant, or laboratory used for
13 manufacturing or research and development purposes. If a building is
14 used partly for manufacturing or research and development and partly
15 for other purposes, the applicable tax deferral shall be determined by
16 apportionment of the costs of construction under rules adopted by the
17 department.

18 (8) "Machinery and equipment" means all industrial and research
19 fixtures, equipment, and support facilities that are an integral and
20 necessary part of a manufacturing or research and development
21 operation. "Qualified machinery and equipment" includes computers;
22 software; data processing equipment; laboratory equipment;
23 manufacturing components such as belts, pulleys, shafts, and moving
24 parts; molds, tools, and dies; operating structures; and all equipment
25 used to control or operate the machinery. For purposes of this
26 chapter, new machinery and equipment means either new to the taxing
27 jurisdiction of the state or new to the certificate holder. Used
28 machinery and equipment may be treated as new equipment and machinery
29 if the certificate holder either brings the machinery and equipment
30 into Washington or makes a retail purchase of the machinery and
31 equipment in Washington or elsewhere.

32 (9) "Qualified employment position" means a permanent full-time
33 employee employed in the eligible investment project during the entire
34 tax year.

35 (10) "Recipient" means a person receiving a tax deferral under this
36 chapter.

37 (11) "Certificate holder" means an applicant to whom a tax deferral
38 certificate has been issued.

1 (12) "Operationally complete" means constructed or improved to the
2 point of being functionally useable for the intended purpose.

3 (13) "Initiation of construction" means that date upon which on-
4 site construction commences.

5 **Sec. 215.** RCW 82.61.040 and 1988 c 41 s 2 are each amended to read
6 as follows:

7 RCW 82.61.020 and 82.61.030 shall expire (~~July 1, 1994~~) January
8 1, 2002.

9 **Sec. 216.** RCW 82.61.070 and 1988 c 41 s 3 are each amended to read
10 as follows:

11 The department and the department of trade and economic development
12 shall jointly report to the legislature about the effects of this
13 chapter on new manufacturing and research and development activities in
14 this state. The report shall contain information concerning the number
15 of deferral certificates granted, the amount of sales tax deferred, the
16 number of jobs created and other information useful in measuring such
17 effects. Reports shall be submitted by January 1, 1986, and by January
18 1 of each year through (~~1995~~) 2003.

19 NEW SECTION. **Sec. 217.** A new section is added to chapter 82.08
20 RCW to read as follows:

21 (1) The tax levied by RCW 82.08.020 shall not apply to the retail
22 sale of building materials used in the remodeling or expansion of a
23 commercial or industrial structure or to the labor used to incorporate
24 such building materials into real estate.

25 (2) In order to qualify for the exemption of retail sales tax on
26 materials or labor under this section, the commercial or industrial
27 structure must be located in a designated neighborhood reinvestment
28 area under section 103 of this act.

29 (3) The department of revenue, in consultation with the department
30 of community development, shall adopt rules specifying the
31 administrative procedures applicable to applicants for exemption from
32 retail sales tax on materials or labor, the form, manner, and time in
33 which applications shall be filed, the information to be contained
34 therein, and criteria for the approval or denial of requests for the
35 exemption from retail sales tax on materials or labor under this

1 chapter. The rules shall apply to both the department of revenue and
2 the department of community development.

3 (4) The department of revenue shall grant an exemption from retail
4 sales tax on materials or labor for commercial or industrial structures
5 that are approved by the department of community development. The
6 department of revenue shall keep a running total of exemptions granted
7 under this section and section 218 of this act during each fiscal
8 biennium. The department of revenue shall not allow any exemption that
9 would cause the total tabulation for a biennium to exceed one million
10 dollars.

11 (5) This section shall expire January 1, 2002.

12 NEW SECTION. **Sec. 218.** A new section is added to chapter 82.12
13 RCW to read as follows:

14 (1) The provisions of this chapter shall not apply in respect to
15 the use of building materials used in the remodeling or expansion of a
16 commercial or industrial structure or to the labor used to incorporate
17 such building materials into real estate.

18 (2) In order to qualify for the exemption granted by this section,
19 the commercial or industrial structure must be located in a designated
20 neighborhood reinvestment area under section 103 of this act.

21 (3) The department of revenue, in consultation with the department
22 of community development, shall adopt rules specifying the
23 administrative procedures applicable to applicants for the tax
24 exemption under this section, the form, manner, and time in which
25 applications shall be filed, the information to be contained therein,
26 and criteria for the approval or denial of requests for the tax
27 exemption under this chapter. The rules shall apply to both the
28 department of revenue and the department of community development.

29 (4) This section shall expire January 1, 2002.

30 **PART III -- COMMUNITY REINVESTMENT AND PRIVATE INVESTMENT**

31 **Subpart A - Deposit of Surplus State Funds**

32 NEW SECTION. **Sec. 301.** (1) No later than fifteen days after
33 receipt of a written evaluation under the federal community
34 reinvestment act (12 U.S.C. Sec. 2901 et seq.) each qualified public
35 depository under the provisions of chapter 39.58 RCW shall submit to

1 the Washington public deposit protection commission a copy of such
2 written evaluation.

3 (2) Only those qualified public depositories assigned a rating of
4 satisfactory or better shall be eligible to receive deposits under the
5 provisions of chapter 43.86A RCW. Those qualified public depositories
6 assigned a rating less than satisfactory shall be notified by the
7 Washington public deposit protection commission that a failure to
8 receive at least a rating of satisfactory, at the next written
9 evaluation, will make the qualified public depository ineligible to
10 receive deposits under chapter 43.86A RCW.

11 (3) Those qualified public depositories assigned less than
12 satisfactory ratings for two consecutive evaluations shall be
13 ineligible to receive deposits under the provisions of chapter 43.86A
14 RCW, until the performance of the qualified public depository in
15 meeting the community credit needs is determined to be at least
16 satisfactory by the Washington public deposit protection commission.

17 NEW SECTION. **Sec. 302.** The Washington public deposit protection
18 commission shall compile community reinvestment act ratings required
19 under the federal community reinvestment act (12 U.S.C. Sec. 2901 et
20 seq.). The Washington public deposit protection commission shall make
21 this information available to the public.

22 **Subpart B - Linked Deposit Program**

23 NEW SECTION. **Sec. 303.** (1) The legislature finds that:

24 (a) There are parts of communities throughout the state that are
25 experiencing economic stagnation or decline;

26 (b) The unemployment and underemployment in these areas threaten
27 the safety, health, and welfare of residents of these areas, decreasing
28 the value of private investment and jeopardizing the sources of public
29 revenue; and

30 (c) The revitalization of these areas requires the development of
31 new business ventures and the stimulation of private investment.

32 (2) The legislature declares that it is the intent of the linked
33 deposit program to provide capital to promote community economic
34 development and job creation in designated neighborhood reinvestment
35 areas by authorizing the state treasurer to operate a program which

1 links state deposits to business and residential loans by financial
2 institutions.

3 NEW SECTION. **Sec. 304.** (1) The state treasurer shall establish a
4 linked deposit program for investments in certificates of deposit in
5 Washington financial institutions. As a condition of participating in
6 the program, financial institutions must make qualifying loans as
7 provided in section 305 of this act. Each certificate of deposit
8 purchased by the state treasurer shall be equal to the amount of the
9 qualifying loan made by the financial institution. The state treasurer
10 is authorized to set interest rates on certificates and on qualifying
11 loans consistent with the intent of sections 303 through 306 of this
12 act and sound financial practices.

13 (2) Qualifying loans under the linked deposit program are those
14 which:

15 (a) Are made in designated neighborhood reinvestment areas as
16 defined in section 102 of this act;

17 (b)(i) Are made to a small business with a majority of employees in
18 the state or (ii) are residential loans for single-family or
19 multifamily housing that is affordable to low-income households as
20 defined in RCW 43.185A.010; and

21 (c) Are consistent with other criteria set by the state treasurer.

22 (3) The state treasurer may reject any specific loan.

23 (4) In setting interest rates on certificates and loans, the state
24 treasurer shall vary the rates so that preference in lending will be
25 given to businesses that are engaged in manufacturing, export, or
26 providing services for sale outside the state or that have innovative
27 products or production processes. The treasurer may also vary the
28 length of the terms of deposit.

29 NEW SECTION. **Sec. 305.** The state and those acting as its agents
30 are not liable in any manner for payment of the principal or interest
31 on qualifying loans under the linked deposit program. Any delay in
32 payments or default on the part of the borrower does not in any manner
33 affect the deposit agreement between the financial institution and the
34 state treasurer.

35 NEW SECTION. **Sec. 306.** The state treasurer may use up to fifty
36 million dollars per year of state funds for the linked deposit program.

1 (e) The local government must meet any additional guidelines and
2 criteria established by the board for awarding loan funds.

3 (2) Existing debt or other financial obligations of the local
4 government shall not be refinanced under sections 401 through 403 of
5 this act.

6 (3) The board shall award loans only to those projects that meet
7 the criteria and will fulfill the purpose of sections 401 through 403
8 of this act. Any funds not obligated at the close of the biennium
9 shall be returned to the public works assistance account.

10 (4) This section shall expire June 30, 2001.

11 NEW SECTION. **Sec. 403.** (1) The board shall provide to the office
12 of financial management and the appropriate legislative committees an
13 annual report, beginning January 15, 1995, on the loans awarded in
14 neighborhood reinvestment areas.

15 (2) This section shall expire June 30, 2001.

16 NEW SECTION. **Sec. 404.** For the biennium ending June 30, 1995,
17 there is hereby appropriated from the public works assistance account
18 created in RCW 43.155.050 to the public works board four million
19 dollars to be utilized by the board for the purposes of sections 401
20 through 403 of this act.

21 **Subpart B - Community Economic Development Assistance**

22 **Sec. 405.** RCW 43.160.060 and 1990 1st ex.s. c 17 s 73 are each
23 amended to read as follows:

24 The board is authorized to make direct loans to political
25 subdivisions of the state for the purposes of assisting the political
26 subdivisions in financing the cost of public facilities, including
27 development of land and improvements for public facilities, as well as
28 the acquisition, construction, rehabilitation, alteration, expansion,
29 or improvement of the facilities. A grant may also be authorized for
30 purposes designated in this chapter, but only when, and to the extent
31 that, a loan is not reasonably possible, given the limited resources of
32 the political subdivision.

33 Application for funds shall be made in the form and manner as the
34 board may prescribe. In making grants or loans the board shall conform
35 to the following requirements:

1 (1) The board shall not make a grant or loan:

2 (a) For a project the primary purpose of which is to facilitate or
3 promote a retail shopping development or expansion.

4 (b) For any project that evidence exists would result in a
5 development or expansion that would displace existing jobs in any other
6 community in the state.

7 (c) For the acquisition of real property, including buildings and
8 other fixtures which are a part of real property.

9 (2) The board shall only make grants or loans:

10 (a) For those projects which would result in specific private
11 developments or expansions (i) in manufacturing, production, food
12 processing, assembly, warehousing, and industrial distribution; (ii)
13 for processing recyclable materials or for facilities that support
14 recycling, including processes not currently provided in the state,
15 including but not limited to, de-inking facilities, mixed waste paper,
16 plastics, yard waste, and problem-waste processing; (iii) for
17 manufacturing facilities that rely significantly on recyclable
18 materials, including but not limited to waste tires and mixed waste
19 paper; (iv) which support the relocation of businesses from
20 nondistressed urban areas to distressed rural areas; or (v) which
21 substantially support the trading of goods or services outside of the
22 state's borders.

23 (b) For projects which it finds will improve the opportunities for
24 the successful maintenance, establishment, or expansion of industrial
25 or commercial plants or will otherwise assist in the creation or
26 retention of long-term economic opportunities.

27 (c) When the application includes convincing evidence that a
28 specific private development or expansion is ready to occur and will
29 occur only if the grant or loan is made.

30 (3) The board shall prioritize each proposed project according to
31 the relative benefits provided to the community by the jobs the project
32 would create, not just the total number of jobs it would create after
33 the project is completed and according to the unemployment rate in the
34 area in which the jobs would be located. As long as there is more
35 demand for loans or grants than there are funds available for loans or
36 grants, the board is instructed to fund projects in order of their
37 priority. The board shall give special consideration to projects in
38 designated neighborhood reinvestment areas approved under section 103
39 of this act.

1 (4) A responsible official of the political subdivision shall be
2 present during board deliberations and provide information that the
3 board requests.

4 Before any loan or grant application is approved, the political
5 subdivision seeking the loan or grant must demonstrate to the community
6 economic revitalization board that no other timely source of funding is
7 available to it at costs reasonably similar to financing available from
8 the community economic revitalization board.

9 **Sec. 406.** RCW 43.165.010 and 1987 c 461 s 1 are each amended to
10 read as follows:

11 Unless the context clearly requires to the contrary, the
12 definitions in this section apply throughout this chapter.

13 (1) "Department" means the department of community development.

14 (2) "Director" means the director of the department.

15 (3) "Distressed area" means: (a) A county that has an unemployment
16 rate that is twenty percent above the state-wide average for the
17 previous three years; ~~((or))~~ (b) a community or area that has
18 experienced sudden and severe or long-term and severe loss of
19 employment, or erosion of its economic base due to decline of its
20 dominant industries; ~~((or))~~ (c) a designated neighborhood reinvestment
21 area approved under section 103 of this act; or (d) an area within a
22 county which area: (i) Is composed of contiguous census tracts; (ii)
23 has a minimum population of five thousand persons; (iii) has at least
24 seventy percent of its families and unrelated individuals with incomes
25 below eighty percent of the county's median income for families and
26 unrelated individuals; and (iv) has an unemployment rate which is at
27 least forty percent higher than the county's unemployment rate. For
28 purposes of this definition, "families and unrelated individuals" has
29 the same meaning that is ascribed to that term by the federal
30 department of housing and urban development in its regulations
31 authorizing action grants for economic development and neighborhood
32 revitalization projects.

33 (4) "Economic development revolving loan funds" means a local, not-
34 for-profit or governmentally sponsored business loan program.

35 (5) "Team" means the community revitalization team.

36 (6) "Technical assistance" includes, but is not limited to,
37 assistance with strategic planning, market research, business plan
38 development review, organization and management development, accounting

1 and legal services, grant and loan packaging, and other assistance
2 which may be expected to contribute to the redevelopment and economic
3 well-being of a distressed area.

4 **Sec. 407.** RCW 43.168.020 and 1991 c 314 s 19 are each amended to
5 read as follows:

6 Unless the context clearly requires otherwise, the definitions in
7 this section apply throughout this chapter.

8 (1) "Committee" means the Washington state development loan fund
9 committee.

10 (2) "Department" means the department of community development.

11 (3) "Director" means the director of the department of community
12 development.

13 (4) "Distressed area" means: (a) A county which has an
14 unemployment rate which is twenty percent above the state average for
15 the immediately previous three years; (b) a metropolitan statistical
16 area, as defined by the office of federal statistical policy and
17 standards, United States department of commerce, in which the average
18 level of unemployment for the calendar year immediately preceding the
19 year in which an application is filed under this chapter exceeds the
20 average state unemployment for such calendar year by twenty percent.
21 Applications under this subsection (4)(b) shall be filed by April 30,
22 1989; (c) an area within a county, which area: (i) Is composed of
23 contiguous census tracts; (ii) has a minimum population of five
24 thousand persons; (iii) has at least seventy percent of its families
25 and unrelated individuals with incomes below eighty percent of the
26 county's median income for families and unrelated individuals; and (iv)
27 has an unemployment rate which is at least forty percent higher than
28 the county's unemployment rate; ~~((or))~~ (d) a designated neighborhood
29 reinvestment area approved under section 103 of this act; or (e) a
30 county designated as a timber impact area under RCW 43.31.601 if an
31 application is filed by July 1, 1993. For purposes of this definition,
32 "families and unrelated individuals" has the same meaning that is
33 ascribed to that term by the federal department of housing and urban
34 development in its regulations authorizing action grants for economic
35 development and neighborhood revitalization projects.

36 (5) "Fund" means the Washington state development loan fund.

37 (6) "Local development organization" means a nonprofit organization
38 which is organized to operate within an area, demonstrates a commitment

1 to a long-standing effort for an economic development program, and
2 makes a demonstrable effort to assist in the employment of unemployed
3 or underemployed residents in an area.

4 (7) "Project" means the establishment of a new or expanded business
5 in an area which when completed will provide employment opportunities.
6 "Project" also means the retention of an existing business in an area
7 which when completed will provide employment opportunities.

8 NEW SECTION. **Sec. 408.** The sum of two million dollars, or as much
9 thereof as may be necessary, is appropriated for the biennium ending
10 June 30, 1995, from the capital budget to the department of community
11 development for the purpose of making loans under chapter 43.168 RCW in
12 designated neighborhood reinvestment areas approved under section 103
13 of this act.

14 NEW SECTION. **Sec. 409.** A new section is added to chapter 43.31
15 RCW to read as follows:

16 The department shall coordinate its programs within the department
17 and with other agencies to assist in the success of designated
18 neighborhood reinvestment areas approved under section 103 of this act.

19 NEW SECTION. **Sec. 410.** A new section is added to chapter 43.63A
20 RCW to read as follows:

21 The department shall coordinate its programs within the department
22 and with other agencies to assist in the success of designated
23 neighborhood reinvestment areas approved under section 103 of this act.

24 NEW SECTION. **Sec. 411.** A new section is added to chapter 50.08
25 RCW to read as follows:

26 The department shall coordinate its programs within the department
27 and with other agencies to assist in the success of designated
28 neighborhood reinvestment areas approved under section 103 of this act.

29 **PART V -- EMPLOYMENT OF NEIGHBORHOOD RESIDENTS**

30 NEW SECTION. **Sec. 501.** A business receiving assistance under
31 chapter . . . , Laws of 1993 (this act) shall seek to employ as many of
32 its employees as possible from the designated neighborhood reinvestment
33 area the assistance is related to, with a minimum goal of at least

1 thirty percent of the employees from the respective designated
2 neighborhood reinvestment area.

3 NEW SECTION. **Sec. 502.** The department shall require that local
4 governments receiving financial assistance under chapter . . . , Laws
5 of 1993 (this act) include a provision in their construction contracts
6 for projects in neighborhood reinvestment areas, that require the
7 contractor to increase outreach and recruitment efforts to employ as
8 many of its employees as possible from the designated neighborhood
9 reinvestment area the assistance is related to, with a minimum goal of
10 thirty percent of the employees from the respective designated
11 neighborhood reinvestment area.

12 **PART VI -- TECHNICAL PROVISIONS**

13 NEW SECTION. **Sec. 601.** (1) Sections 1, 101 through 104, 501, and
14 502 of this act shall constitute a new chapter in Title 43 RCW.

15 (2) Sections 201 through 206 of this act are each added to chapter
16 82.04 RCW.

17 (3) Sections 301 and 302 of this act are each added to chapter
18 30.60 RCW.

19 (4) Sections 303 through 306 of this act are each added to chapter
20 43.84 RCW.

21 (5) Sections 401 through 403 of this act are each added to chapter
22 43.155 RCW.

23 NEW SECTION. **Sec. 602.** If any provision of this act or its
24 application to any person or circumstance is held invalid, the
25 remainder of the act or the application of the provision to other
26 persons or circumstances is not affected.

27 NEW SECTION. **Sec. 603.** Part and subpart headings as used in this
28 act constitute no part of the law.

29 NEW SECTION. **Sec. 604.** This act may be known and cited as the
30 "neighborhood reinvestment act."

--- END ---