

VETO MESSAGE ON SB 5740-S2

May 15, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 4, 7 and 8, Second Substitute Senate Bill No. 5740 entitled:

"AN ACT Relating to the rural area marketing plan;"

I strongly support of the goal of increasing employment in distressed areas of our state. However, I am not convinced that the mechanisms provided in sections 4, 7 and 8 are the best ways to achieve that goal.

Section 4 of the bill would delete the fifteen percent increase in average employment threshold required to qualify for the distressed areas B&O tax credit. As written in section 4, each additional position added by an employer would qualify for the tax credit. While each new job in a distressed area has value, many businesses would reap a windfall from this provision when they add employees that they would have added without the tax incentive. Some threshold that limits the tax benefit to significant expansions is necessary to make this kind of exemption fair.

Section 7 of the bill would give the director of the Department of Community, Trade, and Economic Development the authority to intervene in the day-to-day business of other state agencies. As a practical matter this approach would inevitably lead to conflict and confusion. A successful regulatory reform effort targeted in distressed areas of the state will require a more thoughtful and coordinated approach. My administration is committed to this type of reform and will work with the businesses of our state to improve this process.

Section 8 of the bill would require the creation of another state management position to oversee the implementation of this act. I have vetoed this section because I believe the Coordinator of the Governor's Rural Community Assistance Team should be the focal point for economic development initiatives in rural areas of the state. Section 8 would only serve to increase bureaucracy and reduce accountability.

For these reasons, I have vetoed sections 4, 7 and 8 of Second Substitute Senate Bill No. 5740.

With the exception of sections 4, 7 and 8, Second Substitute Senate Bill No. 5740 is approved.

Respectfully submitted,
Gary Locke
Governor