
SENATE BILL 5229

State of Washington

56th Legislature

1999 Regular Session

By Senators T. Sheldon, Swecker, Goings and Hale

Read first time 01/18/1999. Referred to Committee on Agriculture & Rural Economic Development.

1 AN ACT Relating to downtown and neighborhood commercial district
2 revitalization; adding a new section to chapter 82.04 RCW; adding a new
3 section to chapter 84.36 RCW; adding a new section to chapter 82.14
4 RCW; adding a new chapter to Title 43 RCW; creating a new section;
5 providing an effective date; and declaring an emergency.

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

7 **PART I--LEGISLATIVE INTENT**

8 NEW SECTION. **Sec. 101.** (1) The legislature finds:

9 (a) The continued economic vitality of downtown and neighborhood
10 commercial districts in our state's cities is essential to community
11 preservation, social cohesion, and economic growth;

12 (b) In recent years there has been a deterioration of downtown and
13 neighborhood commercial districts in rural and urban communities due to
14 a shifting population base, changes in the marketplace, and greater
15 competition from suburban shopping malls and discount centers;

16 (c) This decline has eroded the ability of businesses and property
17 owners to renovate and enhance their commercial and residential
18 properties; and

1 (d) Business owners in these districts need to maintain their local
2 economies in order to provide goods and services to adjacent residents,
3 to provide employment opportunities, and to avoid disinvestment and
4 economic dislocations, and have developed downtown and neighborhood
5 commercial district revitalization programs to address these problems.

6 (2) It is the intent of the legislature to establish a program to:

7 (a) Work in partnership with these organizations;

8 (b) Provide technical assistance and training to local governments,
9 business organizations, downtown and neighborhood commercial district
10 organizations, and business and property owners to accomplish community
11 and economic revitalization and development of business districts; and

12 (c) Certify a downtown and neighborhood commercial district
13 organization's use of available tax incentives.

14 **PART II--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**
15 **REVITALIZATION INCENTIVES**

16 NEW SECTION. **Sec. 201.** A new section is added to chapter 82.04
17 RCW to read as follows:

18 (1) There may be credit against the tax imposed by this chapter,
19 the value of private contributions that are designed to assist in the
20 development and operation of a downtown and neighborhood commercial
21 district revitalization program for a city or town located within a
22 rural county.

23 (2) The credit allowed under this section is limited to an amount
24 equal to:

25 (a) Seventy-five percent of the value of the contribution that is
26 made directly, by the business, to a downtown and neighborhood
27 commercial district revitalization program; or

28 (b) Fifty percent of the value of the contribution that is made
29 directly, by the business, to the department of community, trade, and
30 economic development for distribution as financial or technical
31 assistance under section 302 of this act. The total credits allowed
32 under this section for an individual downtown and neighborhood
33 commercial district cannot exceed one hundred thousand dollars in a
34 calendar year. The total credits allowed under this section for a
35 business cannot exceed two hundred fifty thousand dollars in a calendar
36 year. The total credits allowed on a state-wide basis cannot exceed
37 two million dollars in a calendar year.

1 (3) Prior to making the contribution under this section, the
2 business must obtain approval from the department of community, trade,
3 and economic development. The businesses' request for approval must
4 include a description of the contribution and the value of the
5 contribution.

6 (4) This section applies only to contributions for which an
7 application is approved on or after the effective date of this act.

8 (5) As used in this section:

9 (a) "Contribution" means either cash or other in-kind contributions
10 or both.

11 (b) "Downtown and neighborhood commercial district revitalization
12 program" means a program designated by the department of community,
13 trade, and economic development under sections 101 and 301 through 306
14 of this act.

15 (c) "Rural county" means a county with a population density of less
16 than one hundred persons per square mile.

17 NEW SECTION. **Sec. 202.** A new section is added to chapter 84.36
18 RCW to read as follows:

19 (1) A physical improvement to a commercial building upon real
20 property, that is located within boundaries identified and approved by
21 the department of community, trade, and economic development under
22 section 303 of this act and that is located in a rural county, is
23 exempt from taxation for the ten assessment years subsequent to the
24 completion of the improvement, if the improvement meets the guidelines
25 established by the local downtown and neighborhood commercial district
26 revitalization program. In addition, for buildings that meet the
27 definition of historic property as defined in RCW 84.26.020, the
28 improvements must be consistent with the definition of rehabilitation
29 as defined in RCW 84.26.020, and adhere to the historic preservation
30 process and guidelines adopted by the community. A taxpayer desiring
31 to obtain the exemption granted by this section must file notice of
32 their intent to construct the improvement prior to the improvement
33 being made on forms prescribed by the department of revenue and
34 furnished to the taxpayer by the county assessor. This exemption
35 cannot be claimed more than once in a fifteen-year period. As used in
36 this section, "downtown and neighborhood commercial district
37 revitalization program" has the same meaning as in section 201 of this
38 act.

1 (2) The department of revenue shall adopt those rules as are
2 necessary to properly administer the provisions of this section.

3 (3) As used in this section, "rural county" means a county with a
4 population density of less than one hundred persons per square mile.

5 NEW SECTION. **Sec. 203.** A new section is added to chapter 82.14
6 RCW to read as follows:

7 (1) The legislative authority of an eligible local government
8 located in a rural county may impose a sales and use tax in accordance
9 with the terms of this chapter. The tax is in addition to other taxes
10 authorized by law and shall be collected from those persons who are
11 taxable by the state under chapters 82.08 and 82.12 RCW upon the
12 occurrence of any taxable event within the boundaries of the local
13 government. The rate of tax shall not exceed two-tenths of one percent
14 of the selling price in the case of a sales tax or value of the article
15 used in the case of a use tax.

16 (2) The tax imposed under subsection (1) of this section shall be
17 deducted from the amount of tax otherwise required to be collected or
18 paid to the department of revenue under chapter 82.08 or 82.12 RCW.
19 The department of revenue shall perform the collection of such taxes on
20 behalf of the local government at no cost to the local government.

21 (3) Moneys collected under this section shall only be used for the
22 purpose of paying the costs for a downtown and neighborhood commercial
23 district revitalization project in an eligible area.

24 (4) No tax may be collected under this section before January 1,
25 2000.

26 (5) Moneys collected under this section must be matched with one
27 dollar of local government or private funds for every two dollars of
28 funds collected under this section.

29 (6) As used in this section:

30 (a) "Downtown and neighborhood commercial district revitalization
31 project" means: Public infrastructure improvements, including street
32 and utility improvements; professional management, planning, and
33 promotion within the eligible area, including the management and
34 promotion of retail trade activities in the eligible area; maintenance
35 and security for common or public areas in the eligible area; and
36 historic preservation activities authorized under RCW 35.21.395.

37 (b) "Eligible local government" means a local government that is
38 implementing a program designated by the department of community,

1 trade, and economic development at the partner-level or associate-level
2 under section 303 of this act.

3 (c) "Local government" means a city, code city, or town.

4 (d) "Rural county" means a county with a population density of less
5 than one hundred persons per square mile.

6 **PART III--DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICT**
7 **REVITALIZATION PROGRAM**

8 NEW SECTION. **Sec. 301.** The definitions in this section apply
9 throughout this section and sections 101 and 302 through 306 of this
10 act unless the context clearly requires otherwise.

11 (1) "Area" means a geographic area within a local government that
12 is described by a closed perimeter boundary.

13 (2) "Department" means the department of community, trade, and
14 economic development.

15 (3) "Director" means the director of community, trade, and economic
16 development.

17 (4) "Local government" means a city, code city, or town.

18 (5) "Qualified levels of participation" means a local downtown and
19 neighborhood commercial district revitalization effort that has been
20 certified by the department, as being at the participant-level,
21 associate-level, or partner-level.

22 NEW SECTION. **Sec. 302.** The Washington main street program is
23 created within the department. In order to implement the Washington
24 main street program, the department shall:

25 (1) Provide technical assistance to businesses, property owners,
26 organizations, and local governments undertaking a comprehensive
27 downtown and neighborhood commercial district revitalization and
28 management strategy within a specified area. Technical assistance
29 includes, but is not limited to: Initial site evaluations and
30 assessments; training for local programs; training for local program
31 staff; site visits and assessments by technical specialists; local
32 program design assistance and evaluation; and continued local program
33 on-site assistance;

34 (2) To the extent funds are made available, provide financial
35 assistance to local governments or local organizations to assist in

1 initial program start-up costs, specific project feasibility studies,
2 market studies, and design assistance;

3 (3) Develop objective criteria for selecting recipients of
4 financial assistance under subsection (1) of this section and providing
5 designation of a local program under section 303 of this act;

6 (4) Operate the Washington main street program in accordance with
7 the plan described in section 304(2) of this act; and

8 (5) Consider other factors the department deems necessary for the
9 implementation of this chapter.

10 NEW SECTION. **Sec. 303.** (1) The department shall, by rule, adopt
11 criteria for the designation of the local downtown and neighborhood
12 commercial district revitalization programs and official local main
13 street programs. In establishing the criteria, the department shall
14 consider:

15 (a) The degree of interest and commitment to downtown and
16 neighborhood commercial district revitalization and, where applicable,
17 historic preservation by both the public and private sectors;

18 (b) The evidence of potential private sector investment in the
19 downtown and neighborhood commercial district;

20 (c) Where applicable, a downtown and neighborhood commercial
21 district with sufficient historic fabric to become a foundation for an
22 enhanced community image;

23 (d) The capacity of the organization to undertake a comprehensive
24 program and the financial commitment to implement a long-term downtown
25 and neighborhood commercial district revitalization program that
26 includes a commitment to employ a professional program manager with a
27 sufficient operating budget;

28 (e) The department's existing downtown revitalization services tier
29 system;

30 (f) The national main street center's criteria for designating
31 official main street cities; and

32 (g) Other factors the department deems necessary for the
33 designation of a local program.

34 (2) The department shall designate local downtown and neighborhood
35 commercial district revitalization programs and official local main
36 street programs. The programs shall be limited to the following three
37 categories: Partner-level, associate-level, and participant-level.

1 (3) Sections 201, 202, and 203 of this act do not apply to any
2 local downtown and neighborhood commercial district revitalization
3 program unless the boundaries of the program have been identified and
4 approved by the department. The boundaries of a local downtown and
5 neighborhood commercial district revitalization program are typically
6 limited to the pedestrian core area or the central commercial district.

7 NEW SECTION. **Sec. 304.** (1) The Washington main street advisory
8 committee is created within the department. The members of the
9 advisory committee are appointed by the director and consist of:

10 (a) The director, or the director's designee, who shall serve as
11 chair;

12 (b) One representative of private industry councils;

13 (c) Two representatives of local governments;

14 (d) The chair of the governor's small business improvement council;

15 (e) Five representatives from existing main street programs or
16 downtown and neighborhood commercial district programs; and

17 (f) One representative of the Washington state office of
18 archaeology and historic preservation.

19 (2) The department shall develop a plan for the Washington main
20 street program, in consultation with the Washington main street
21 advisory committee. The plan must describe:

22 (a) The objectives and strategies of the Washington main street
23 program;

24 (b) How the Washington main street program will be coordinated with
25 existing federal, state, local, and private sector business development
26 and historic preservation efforts;

27 (c) The means by which private investment will be solicited and
28 employed;

29 (d) The methods of selecting and providing assistance to
30 participating local programs; and

31 (e) A means to solicit private contributions for state and local
32 operations of the Washington main street program.

33 NEW SECTION. **Sec. 305.** The Washington main street trust fund
34 account is created in the state treasury. All receipts from private
35 contributions, federal funds, legislative appropriations, and fees for
36 services, if levied, must be deposited into the account. Moneys in the
37 account may be spent only after appropriation. Expenditures from the

1 account may be used only for the operation of the Washington main
2 street program.

3 NEW SECTION. **Sec. 306.** Sections 101 and 301 through 306 of this
4 act may be known and cited as the Washington main street act.

5 **PART IV--TECHNICAL PROVISIONS**

6 NEW SECTION. **Sec. 401.** Sections 101 and 301 through 306 of this
7 act constitute a new chapter in Title 43 RCW.

8 NEW SECTION. **Sec. 402.** If any provision of this act or its
9 application to any person or circumstance is held invalid, the
10 remainder of the act or the application of the provision to other
11 persons or circumstances is not affected.

12 NEW SECTION. **Sec. 403.** Part headings as used in this act
13 constitute no part of the law.

14 NEW SECTION. **Sec. 404.** Sections 201 through 203 of this act are
15 necessary for the immediate preservation of the public peace, health,
16 or safety, or support of the state government and its existing public
17 institutions, and take effect July 1, 1999.

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