

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2437**

Chapter 79, Laws of 2002

57th Legislature  
2002 Regular Session

DOWNTOWN AND NEIGHBORHOOD COMMERCIAL DISTRICTS

EFFECTIVE DATE: 6/13/02

Passed by the House February 12, 2002  
Yeas 90 Nays 7

FRANK CHOPP  
**Speaker of the House of  
Representatives**

Passed by the Senate March 6, 2002  
Yeas 42 Nays 0

BRAD OWEN  
**President of the Senate**

Approved March 21, 2002

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2437** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER  
**Chief Clerk**

FILED

March 21, 2002 - 2:45 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2437**

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Passed Legislature - 2002 Regular Session

**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** House Committee on Trade & Economic Development (originally sponsored by Representatives Veloria, Talcott, Conway, Darneille, Dunn, Lovick, Chase, Wood, Jackley and Ogden)

Read first time 02/05/2002. Referred to Committee on .

1 AN ACT Relating to downtown and neighborhood commercial districts;  
2 and adding a new chapter to Title 35 RCW.

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

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

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

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

13 (c) This decline has eroded the ability of businesses and property  
14 owners to renovate and enhance their commercial and residential  
15 properties;

16 (d) In many areas of the state, downtown and neighborhood  
17 commercial areas are burdened further by deteriorating buildings,  
18 vacant building that cannot be legally occupied, and vacant brownfield  
19 infill sites which pose significant health and safety problems to

1 tenants and pedestrians, and constitute a significant blight and  
2 detrimental impact on the health, safety, and welfare of the community,  
3 as well as its economic health;

4 (e) Business owners in these districts need to maintain their local  
5 economies in order to provide goods and services to adjacent residents,  
6 to provide employment opportunities, to restore blighted properties,  
7 and to avoid disinvestment and economic dislocations, and have  
8 developed downtown and neighborhood commercial district revitalization  
9 programs to address these problems; and

10 (f) It is in the best interest of the state of Washington to stop  
11 the decay of community areas and to promote and facilitate the orderly  
12 redevelopment of these areas.

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

14 (a) Provide for the allocation of a portion of locally imposed  
15 excise taxes to assist local governments in the financing of needed  
16 health and safety improvements, public improvements, and other public  
17 investments, to encourage private development and to enhance and  
18 revitalize neighborhood business districts and downtown areas; and

19 (b) Provide technical assistance and training to local governments,  
20 business organizations, downtown and neighborhood commercial district  
21 organizations, and business and property owners to accomplish community  
22 and economic revitalization and development of business districts.

23 NEW SECTION. **Sec. 2.** The definitions in this section apply  
24 throughout this chapter unless the context clearly requires otherwise.

25 (1) "Local retail sales and use tax" means the tax levied by a city  
26 or town under RCW 82.14.030, excluding that portion which a county is  
27 entitled to receive under RCW 82.14.030.

28 (2) "Local retail sales and use tax increment revenue" means that  
29 portion of the local retail sales and use tax collected in each year  
30 upon any retail sale or any use of an article of tangible personal  
31 property within a downtown or neighborhood commercial district that is  
32 in excess of the amount of local retail sales and use tax collected on  
33 sales or uses within the downtown or neighborhood commercial district  
34 in the year preceding.

35 (3) "Downtown or neighborhood commercial district" means (a) an  
36 area or areas designated by the legislative authority of a city or town  
37 with a population over one hundred thousand and that are typically  
38 limited to the pedestrian core area or the central commercial district

1 and compact business districts that serve specific neighborhoods within  
2 the city or town; or (b) commercial areas designated as main street  
3 areas by the office of trade and economic development.

4 (4) "Community revitalization project" means:

5 (a) Health and safety improvements authorized to be publicly  
6 financed under chapter 35.80 or 35.81 RCW;

7 (b) Publicly owned or leased facilities within the jurisdiction of  
8 a local government which the sponsor has authority to provide; and

9 (c) Expenditure for any of the following purposes:

10 (i) Providing environmental analysis, professional management,  
11 planning, and promotion within a downtown or neighborhood commercial  
12 district including the management and promotion of retail trade  
13 activities in the district;

14 (ii) Providing maintenance and security for common or public areas  
15 in the downtown or neighborhood commercial district;

16 (iii) Historic preservation activities authorized under RCW  
17 35.21.395; or

18 (iv) Project design and planning, land acquisition, site  
19 preparation, construction, reconstruction, rehabilitation, improvement,  
20 operation, and installation of a public facility; the costs of  
21 financing, including interest during construction, legal and other  
22 professional services, taxes, and insurance; the costs of complying  
23 with this chapter and other applicable law; and the administrative  
24 costs reasonably necessary and related to these costs.

25 NEW SECTION. **Sec. 3.** Local retail sales and use tax increment  
26 revenue, or any portion thereof, may be applied as follows:

27 (1) To pay downtown or neighborhood commercial district community  
28 revitalization costs;

29 (2) To pay into bond redemption funds established to pay the  
30 principal and interest on general obligation or revenue bonds issued to  
31 finance a downtown or neighborhood commercial district community  
32 revitalization project;

33 (3) In combination with any other public or private funds available  
34 to the city or town for the purposes provided in this section; or

35 (4) To pay any combination of costs under subsection (1), (2), or  
36 (3) of this section.

1        NEW SECTION.    **Sec. 4.**    (1) The legislative authority of a city or  
2 town may authorize the use of local sales and use tax increment revenue  
3 for any purpose authorized in this chapter within the boundaries of a  
4 downtown or one or more neighborhood commercial districts.

5        (2) Prior to authorizing the use of local sales and use tax  
6 increment revenue, the legislative authority must designate the  
7 boundaries of each downtown or neighborhood commercial district.

8        (3) The legislative authority of a city or town may choose to pool  
9 the local sales and use tax increment revenue collected in the various  
10 downtown and neighborhood commercial districts within the city or town  
11 for the purposes authorized in this chapter.

12        NEW SECTION.    **Sec. 5.**    A city or town shall determine at its own  
13 cost the amount of local sales and use tax increment revenue that may  
14 be generated in the downtown and neighborhood commercial districts it  
15 designates. The department of revenue may, at its discretion, provide  
16 advice or other assistance to cities and towns to assist in determining  
17 local sales and use tax increment revenue.

18        NEW SECTION.    **Sec. 6.**    If any provision of this act or its  
19 application to any person or circumstance is held invalid, the  
20 remainder of the act or the application of the provision to other  
21 persons or circumstances is not affected.

22        NEW SECTION.    **Sec. 7.**    Sections 1 through 6 of this act constitute  
23 a new chapter in Title 35 RCW.

Passed the House February 12, 2002.

Passed the Senate March 6, 2002.

Approved by the Governor March 21, 2002.

Filed in Office of Secretary of State March 21, 2002.