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Washington Economic Development Association

April 27, 2009

!!ALERTS!!

- Session adjourned on April 27 at 1 am
 - The final operating budget had a cut of \$631,000 to the ADO funding for an end balance of about \$7.2 million
 - CERB was funded at about \$20.5 million for the biennium
 - The Governor's strategic reserve account was appropriated \$1.5 million
 - The Washington Technology Center received about \$5 million
- A comprehensive session wrap up will be sent by the end of the week

Priority Budget Requests:

Maintain ADO funding at the FY2007-2009 allocation level – The Governor reduced funding for ADOs and WEDA is working on restoring the funding to FY2007-2009 levels.

CERB Funding – Commit funding in the amount of \$30 million for FY2009-2010

Policy Priorities:

Support (pending approval) -

4/27/2009

[2SSB 5045](#) - Allow local governments to finance public improvements using not only the increased local property tax revenues, but also increased sales and use tax revenues. The taxing authorities within the increment area must opt out through legislative action. The local improvements include streets, roads, bridges, and rail; water and sewer system construction and improvement; sidewalks, streetlights, landscaping, and streetscaping; parking, terminal, and dock facilities; park and ride facilities of a transit authority; park facilities, recreational areas, and environmental remediation; storm water and drainage management systems; electric, gas, fiber, and other utility infrastructures; providing environmental analysis, professional management, planning, and promotion within the revitalization area, including the management and promotion of retail trade activities in the revitalization area; providing maintenance and security for common or public areas in the revitalization area; or historic preservation activities. A total of \$2.5 million per year is available and no more than \$500,000 per project per year credited against the state sales and use tax. 7 projects were listed as demonstration projects. *Delivered to the Governor on April 22nd.*

[2SHB 1252](#) – An application to the CERB must demonstrate that convincing evidence that the median hourly wage of the private sector jobs creates after the project is completed will be no less than 5% below the countywide median hourly wage in the private sector. Counties with an annual unemployment rate that is 150% or more of the state unemployment rate, an application must demonstrate convincing evidence that the median hourly wage of the private sector jobs created after the project is completed will be no less than ten percent below the countywide median hourly wage of the private sector. In rural counties that have federal contract employment over ten thousand, the calculation of the countywide median hourly wage in the private sector must exclude the wages of private sector jobs provided under federal contract. *Did not pass.*

[SHB 1323](#) - The workgroup's common definition of industry cluster is added to statute; and, state agencies and local organizations with missions related to workforce and economic development are directed to coordinate their efforts to assist industry clusters. The Workforce Board must work with CTED and the Commission to ensure coordination among workforce training priorities, the state's long-term economic development strategy, assistance to industry clusters, and entrepreneurial development. The State Board for Community and Technical Colleges (SBCTC) must designate and fund new and existing centers of excellence on a competitive basis. A center of excellence is a community or technical college designated by the SBCTC as a statewide leader in industry specific workforce education and training. Priority in such designation is to be given to applicants with established programs serving a targeted industry cluster within its own region. Workforce development councils and associate development organizations must participate in coordinated regional planning efforts, including assistance to regional industry clusters. *Signed by the Governor on April 21st.*

[ESSB 5901](#) – The local government sponsoring a LIFT project will estimate the state and local excise tax allocation revenues to be received. The “base year” and “measurement year” definitions and requirements are removed from the LIFT statute. Sponsoring local governments must submit additional information in their annual reports. At least every three years, the sponsoring local government will include in its annual report updated estimates of how the state has benefited through increases in sales/use and property taxes since the sponsoring local government has been approved for LIFT. Makes technical changes to LIFT, does not reauthorize the LILFT program. *Delivered to the Governor on April 21st.*

Opposition (pending approval)

[SB 5994](#) – Eliminates certain boards and commissions effective June 30, 2010. ***Did not pass.***

[SB 5995](#) – Eliminates certain boards and commissions effective June 30, 2009. ***Passed, but with less boards and commissions eliminated than the original bill had.***

[SB 5588](#) – Suspends certain boards and commissions for 2 years. Eliminates certain boards and commissions. ***Did not pass.***

Key Bill Tracking:***Support (pending approval)-***

[E2SHB 1009](#) - Extends the expiration date for the sales and use tax exemption for eligible renewable energy and fuel cell machinery and equipment. Provides that the sales and use tax exemption is a refund for the state portion of the sales and use tax. Caps the total amount of the refunds provided to eligible recipients during the fiscal biennium at \$20 million. Specifies that the sales and use tax exemption is available to a qualifying utility under the Energy Independence Act, or to a person contracting with a qualifying utility for the sale of electric power generated by eligible renewable energy and fuel cell machinery and equipment. ***Did not pass, was amended onto SB 6170.***

[ESSB 6170](#) – On August 1, 2009, the sales tax exemption on hybrid vehicles is repealed. A sales and use tax exemption in the form of a refund is allowed for 100 percent of the sales tax paid on machinery and equipment used to create energy from fuel cells, sun, wind, biomass energy, tidal and wave energy, geothermal resources, anaerobic digestion, and technology that converts otherwise lost energy from exhaust or landfill gas from July 1, 2009, to June 30, 2011. The sales tax exemption is reduced to 75 percent from July 1, 2011, to June 30, 2013. The exemption expires June 30, 2013. The public utility tax on log hauling is reduced from 1.926 percent to 1.37 percent. A sales tax exemption is provided for hog fuel used to produce electricity, steam, heat, or biofuel. A B&O credit is provided for harvesters of harvested green ton of forest derived biomass sold or used for production of electricity, steam, heat or biofuel. Beginning October 1, 2009, the B&O tax for businesses that manufacture or sell at wholesale either: (1) solar energy systems using photovoltaic modules; or (2) solar grade silicon and an expanded list of materials to be used exclusively in the components solar systems or semiconductors is set at a reduced rate of 0.275 percent. The lower B&O tax rate expires on June 30, 2014. Persons providing certain support services which are either within the scope of work under a cleanup contract with the United States Department of Energy, or which assist in the requirement of a cleanup subcontract are qualified for the reduced B&O tax rate of 0.471 percent for radioactive waste cleanup. ***Delivered to the***

Governor on April 26th.

[HB 1166](#) – Allowing loans to community development financial institutions under the linked deposit program. *Delivered to the Governor on April 23rd.*

[SSB 5044](#) – Declares an intent on providing a greater emphasis on internships for work study students in high demands fields. *Signed by the Governor on April 22nd.*

[HB 1131](#) – Establishes the Washington Economic Development Commission as a state agency within the executive branch, and clarifies its purpose. Increases private sector Commission membership from six to eight, and requires all to have experience as a Washington employer. Creates the Economic Development Commission Fund in the State Treasury. *Did not pass.*

[SHB 1128](#) – Makes changes to the Innovation Partnership Zone Programs. Authorizes a waiver to have a research institution within a Partnership Zone, and removes the Economic Development Commission's oversight role in the program. *Signed by the Governor on April 13th.*

[SSB 5899](#) – Businesses with ten employees or less are eligible for a credit against the B&O tax for the creation of new employment positions for which the business

offers a health care plan. The credits are based on the amount of wages: (1) a 2,000 credit for employment positions with wages and benefits between 150 percent of minimum wage and \$40,000; and (2) a \$4,000 credit for employment positions with wages and benefits over \$40,000. *Did not pass.*

[SSB 5879](#) - The commission must work with the Workforce Training and

Education Coordinating Board to establish and maintain an inventory of entrepreneurial and innovation training and assistance programs in the state. It must also evaluate those programs; identify barriers and ways to decrease them; distribute excellence awards; and report to the Governor, workforce board, and legislative committees on recommendations for statutory changes to increase efficiencies and coordination of these programs. *Did not pass.*

[2SHB 2130](#) - A business and occupation (B&O) tax credit is created for renewable energy manufacturing. A credit of 50 percent of capital invested in renewable energy manufacturing expenditures is allowed, up to a maximum of \$15 million of credit per person, per year. The amount of statewide credits that may be

claimed per year is \$30 million. No credit may be claimed before July 1, 2010. A project may not claim in any year more than 20 percent of the total amount of credits earned. ***Did not pass.***

[SB 5553](#) – The Washington Technology Center is given a number of new commercialization obligations, which it may meet directly or meet via contract. The center is to work with state universities and colleges, private and federal research institutions, and economic development and technology assistance organizations to: (1) train and assist small businesses to win federal technology innovation program awards; (2) supply a guide to the commercialization process at research and academic institutions; (3) make a recommendation on integrating and accessing databases of technologies and inventions available in the state; and (4) provide training to technical assistance providers on the provision of commercialization assistance. The center is also to develop a funding resource guide, offer workshops on accessing financing for commercialization, help novice investors learn about investing in technology based companies, host events to connect entrepreneurs and investors, and maintain a website for entrepreneurs and investors. Finally, the center is to report on the impact of commercialization activities annually. The Investing in Innovation Account is created in the State Treasurer's office. Expenditures are to meet the WTC's commercialization obligations, to carry out the Investing in Innovation Grants Program, and for other innovation and commercialization purposes consistent with federal, state, or private guidelines. Federal, state and private funds may be directed to the account. ***Did not pass.***

[EHB 2138](#) – Adds the State Parks and Recreation Commission to the list that includes Department of Natural Resources, Department of Transportation, Department of Social and Health Services, Department of Corrections, Department of General Administration, counties, cities, towns and code cities. For cities, towns and code cities this is a technical clarification of CTED's statute since these entities were already subject to other statutes requiring participation. Ports are no longer included in this legislation. Surplus property for sale by the government entities that is suitable for the development of affordable housing must be offered for the first 180 days exclusively to eligible organizations for a affordable housing. It also gives sole authority to determine: (a) whether or not property is surplus; (b) whether or not the property is suitable for development of affordable housing for very low-income and low-income persons or families; and (c) what constitutes reasonable option and purchase. ***Did not pass.***

[HB 2010](#) – Beginning in 2010, the Public Works Board, the Community Economic Revitalization Board, and the Transportation Improvement Board are required to consider whether applicants have adopted polices to reduce greenhouse gas emissions. If policies have not been adopted, the boards must consider whether the projects under review are consistent with state goals for

greenhouse gas emissions and reduced vehicle miles traveled. Requires the Community Economic Revitalization Board to consider whether projects located in rural areas maximize a reduction of vehicle miles traveled instead of being consistent with state goals to reduce annual per capita vehicle miles traveled. ***Did not pass.***

[EHB 2242](#) - A Department of Commerce is created. By November 1, 2009, the director is to develop recommendations for the Governor and appropriate legislative committees on statutory changes for effective operation of the department. This is to be done in collaboration with the Office of Financial

Management, the Governor's Office, the Economic Development Commission and legislators. Input from a broad range of stakeholders is required. The Developmental Disabilities Council, The Office of Crime Victims Advocacy, Safe and Drug Free Communities programs, and the Long-Term Care Ombudsman Office are all moved from the department to Government and Community Relations within the Department of Social and Health Services. The Emergency Food Assistance Program is moved from the department to Emergency Programs within the Community Services Division of the Department of Social and Health Services. Re-Employment Support Centers are moved from the department to the Employment Security Department. *Delivered to the Governor on April 26th.*

Bills that have Died:

[HB 1525](#) – Promoting economic development and community revitalization.

[SB 5075](#) – Concerning the community economic revitalization board's project selection criteria.

[HB 1109](#) – Concerning the use of the local infrastructure financing tool for downtown development and redevelopment.

[HB 1651](#) – Concerning community economic revitalization board programs.

[SB 5954/HB 2069](#) – Creating community facilities districts.

[SB 5377/HB 1360](#) – Concerning funding for infrastructure that supports dense, affordable development in transit-oriented areas.

[SB 5475](#) – Regarding economic development planning.

[HB 2151](#) – Eliminating boards and commissions on June 30, 2010.

[HB 2204](#) – Regarding unemployment insurance.

[SB 5050](#) – Increasing the small business credit for the business and occupation tax.

[SB 5713](#) – Providing a business and occupation tax credit for participants in the Washington manufacturing innovation and modernization extension service program.

[SB 5769](#) – Concerning the international services business and occupation tax credit.

[HB 1875](#) – Concerning research and development tax incentives and reporting requirements for economic development purposes.

[SB 5896](#) – Establishing the Washington innovation grant authority.

[SB 5919](#) – Creating the innovation discovery fund.

[HB 2153](#) – Regarding an entrepreneurial program known as Washington's economic gardening.

[HB 1255](#) – Eliminating the business and occupation tax deduction for initiation fees and dues.

Economic Development Legislation:

[WEDA Bill Tracking](#) – **This link updates the bills daily now!** These are all the bills that GTH-GA will be tracking that relate to economic development. You can view the legislative language and status by clicking the above link. The first hyperlink on the report will take you to the bill language, and the second hyperlink will take you to the status page of each bill. Please notify GTH-GA if there is any legislation that WEDA would like to avidly oppose or support.

This Week's Committee Meetings:

Only fiscal committees will be meeting on an as needed basis for the rest of session.

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