

HOUSE BILL REPORT

ESHB 1546

*As Passed House
March 20, 1991*

Title: An act relating to port districts.

Brief Description: Changing provisions relating to property tax levies by port districts.

Sponsor(s): By House Committee on Local Government (originally sponsored by Representatives Nelson, Haugen, Brough, Hine, Locke, Heavey, Valle, G. Fisher, O'Brien, Zellinsky, R. Fisher, Rust, Brekke, Belcher, Prentice, H. Sommers, Cole, Jacobsen, Phillips and Braddock).

Brief History:

Reported by House Committee on:
Local Government, March 6, 1991, DPS;
Revenue, March 9, 1991, DPS(LG);
Passed House, March 20, 1991, 89-8.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *That Substitute House Bill No. 1546 be substituted therefor, and the substitute bill do pass.* Signed by 9 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Horn; Nelson; Roland; Wood; Wynne; and Zellinsky.

Minority Report: *Do not pass.* Signed by 6 members: Representatives Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Nealey; and Rayburn.

Staff: Steve Lundin (786-7127).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill by Committee on Local Government be substituted therefor and the substitute bill do pass.* Signed by 9 members: Representatives Wang, Chair; Fraser, Vice Chair; Appelwick; Belcher; Day; Leonard; Morris; Phillips; and Rust.

Minority Report: *Do not pass.* Signed by 5 members: Representatives Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Brumsickle; Morton; and Silver.

Staff: Steve Lundin (786-7127).

Background: Port districts finance their activities and facilities through a variety of sources, including: (1) imposing rates and charges for using their facilities or services; (2) leasing property; (3) creating local improvement districts (LID's), imposing special assessments on benefited property, and issuing LID bonds; (4) issuing revenue bonds; (5) issuing general obligation bonds; and (6) imposing property taxes.

The taxing authority of port districts is somewhat unique, in that port districts have been authorized to impose a variety of property tax levies, both voter approved and nonvoter approved, all of which are in excess of the constitutional 1 percent limitation on the cumulative rate of property taxes. Port districts have been authorized to impose the following five different property tax levies:

- o Up to 45 cents per \$1,000 of assessed valuation, without voter approval, for general port purposes;
- o Up to 45 cents per \$1,000 of assessed valuation, without voter approval, for 12 years for industrial development and harbor improvement purposes. This is the only nonvoter approved property tax levy that, for all practical purposes, is not subject to the 106 percent limitation on tax increases;
- o An unlimited property tax levy, without voter approval, to retire nonvoter approved general obligation bonds;
- o Up to 45 cents per \$1,000 of assessed valuation for dredging, canal construction, or land leveling or filling purposes, that must be authorized by a simple majority vote of district voters each year that it is imposed; and
- o An unlimited property tax levy, when authorized by a 60 percent vote of district voters and including a 40 percent validation requirement, to retire general obligation bonds issued for capital purposes.

Port districts are authorized to fix wages and salaries for their employees, and to provide a variety of employee benefits, including vacations, pension benefits and insurance benefits. No express authorization is given to port districts to provide bonuses for their employees.

Summary of Bill: A port district with a population of 100,000 or more (Seattle, Tacoma, Olympia, and Bellingham) is required to prepare a study justifying the imposition of any nonvoter approved property taxes, and hold a public hearing on the proposal, prior to imposing any nonvoter approved property tax levy.

A port district with a population of 100,000 or more (Seattle, Tacoma, Olympia and Bellingham) may not pay bonuses to its employees or officials.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Local Government) Port districts are not responsive. The competitors of our maritime ports are not authorized to impose taxes. Most enterprise or business-type activities of government are self supporting and are not subsidized by taxes. Up to 45 percent of one port's total income came from property taxes.

(Revenue) Ports don't provide adequate disclosure of financial information. Public subsidy of port operations should be supervised.

Testimony Against: (Local Government) Ports create jobs and boost the economy. They need the taxing authority. Why limit all ports when the voters of only a few are upset?

(Revenue) Ports provide adequate information now. These requirements are unnecessary.

Witnesses: (Local Government) (Comments made to original bill): (Pro): Irene Christy, American Association of University Women; Elizabeth Springer and Diana Sain, Port Watch; Commissioner Sam Bradley, Port of Olympia; and Jacqueline Anderson, Concerned Southside Citizens. (Comments made to original bill): (Con): Don White, Washington Public Ports; Vic Ericson, Seattle-King County Economic Development Council; Steve Hasslinger, Stevedoring Services of America; and Don Meyers, Port of Tacoma.

(Revenue) Don White, Washington Public Ports Association (con); Jim Boldt, Port of Tacoma (con); and Dick Nelson (pro).