

HOUSE BILL REPORT

ESSB 6071

As Reported By House Committee On:
Local Government
Revenue

Title: An act relating to industrial development levies.

Brief Description: Authorizing an additional six-year industrial development levy.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Snyder and Hargrove).

Brief History:

Reported by House Committee on:
Local Government, February 24, 1994, DPA;
Revenue, February 28, 1994, DPA(REV w/o LG)s.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass as amended. Signed by 11 members: Representatives H. Myers, Chair; Springer, Vice Chair; Edmondson, Ranking Minority Member; Reams, Assistant Ranking Minority Member; Dunshee; R. Fisher; Horn; Moak; Rayburn; Van Luven and Zellinsky.

Staff: Steve Lundin (786-7127).

Background: Property tax levies imposed by port districts are excess levies beyond the constitutional 1 percent limitation on the cumulative rates of regular property taxes that may be imposed in any year.

Port districts have been authorized to impose, among others, the following property tax levies:

- o Annual levies of up to 45 cents per \$1,000 of assessed valuation, which may be imposed without voter approval for general port purposes;
- o Annual levies of up to 45 cents per \$1,000 of assessed valuation, which may be imposed without voter approval for each of 12 years for the industrial development of marginal lands located within industrial development districts created by the port district.

The first levy of the industrial development levy by a port district after April 1, 1982, is not subject to the 106 percent limitation even though voters do not authorize this levy. This is a one-time exemption from the 106 percent limitation.

If a port district has already imposed levies for industrial development of marginal lands for six years, the port must publish a notice in a newspaper of general circulation in its boundaries that it intends to continue imposing levies or begin reimposing these levies for the second set of six years. The notice must be published on or before June 1 of the year in which the port district intends to start imposing or reimposing these levies. A potential referendum on the second six years of levies will be submitted to the voters if a referendum petition is timely filed.

Summary of Amended Bill: If voters approve a ballot proposition authorizing the additional levies, the number of years that a port district in a county bordering the Pacific Ocean may impose additional property tax levies of 45 cents per \$1000 of assessed valuation for industrial development of marginal lands in industrial development districts is increased from 12 years to 18 years. (This additional taxing authority applies to the ports of Port Angeles, Port Townsend, Grays Harbor, Willapa Harbor, Peninsula, Ilwaco, and Chinook.)

Additional notice must be provided to the media if a port district intends to impose the levies after the first six years.

Amended Bill Compared to Engrossed Substitute Bill: The third six year increment on these levies is only available if voters approve a ballot proposition authorizing the levies. Additional notice is required.

Fiscal Note: Not requested.

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

Testimony For: The industrial development levy is a shot in the arm for port districts. The need is great now. Grays Harbor needs the levy to complete a \$64 million project.

Testimony Against: (Bill as referred to committee): Ports must be made more accountable to the voters of their districts, and voter approval should be required.

Witnesses: Jim Neva, Port of Willapa Harbor; Jim Lowery, Pacific County Economic Development Council; Irene Christy,

League of Women Voters; Lew Holcomb and Cliff Miller, Port of Grays Harbor; James Walls, Columbia Pacific; Irene Hollingsworth, Ocean Spray Cranberries, Inc.; and John Servais, citizen.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass as amended by Committee on Revenue and without amendment by Committee on Local Government. Signed by 14 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Anderson; Brown; Caver; Cothorn; Leonard; Romero; Rust; Silver; Talcott; Van Luven and Wang.

Minority Report: Do not pass. Signed by 1 member: Representative Fuhrman, Assistant Ranking Minority Member.

Staff: Rick Peterson (786-7150).

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Local Government: The Revenue striking amendment incorporates the Local Government striker but clarifies the underlying law relating to the time periods for which these levies may be imposed.

Fiscal Note: Available.

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

Testimony For: The Port of Grays Harbor needs this bill to complete a \$64 million project which is also supported by private and other local government monies.

Testimony Against: None.

Witnesses: Lew Holcomb, Port of Grays Harbor.