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## Local Government Committee

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### HB 1337

**Brief Description:** Increasing the flexibility for industrial development district levies for public port districts.

**Sponsors:** Representatives Takko, Nealey, Springer, Zeiger, Tarleton and Chandler.

#### Brief Summary of Bill

- Repeals statutory provisions authorizing and governing port districts' that have adopted a comprehensive scheme of harbor improvements and industrial developments (comprehensive scheme) imposition of annual levies for up to three six-year periods, effective January 1, 2020.
- Creates new authority for port districts that have adopted a comprehensive scheme to impose levies for up to three multiyear levy periods, which applies to taxes levied for collection in 2016 and after.

**Hearing Date:** 1/28/15

**Staff:** Michaela Murdock (786-7289).

#### **Background:**

##### Port Districts.

Ports districts (port districts or districts) are established for purposes related to: harbor improvements; rail, motor vehicle, water, air, or any combination of such transfer and terminal facilities; and other commercial transportation, transfer, handling, storage and terminal facilities, and industrial improvements.

Powers of the district are exercised through a port commission (commission) consisting of three or five members, as permitted. Commissions establish long-term strategies for districts, and create policies to guide the development, growth, and operation of the district. They are responsible for a district's annual budget, approving tax levy rates, and hiring district staff.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Industrial Development Districts.

A commission may create, and define the boundaries of, industrial development districts (IDD) within a port district. In doing so, the commission must find that the creation of an IDD is proper and desirable in establishing and developing a system of harbor improvements and industrial development in the district.

A comprehensive scheme of harbor improvements and industrial developments (comprehensive scheme) provides for the development or redevelopment of marginal lands acquired within an IDD, as well as provides for the continuation of land uses that are public uses. Improvements of property in an IDD and acquisition of property must be made a part of the comprehensive scheme before any expenditures may be made on the improvements or property acquired.

Port districts that have created IDDs are authorized by statute to exercise numerous powers, including to:

- acquire property and property rights by purchase or condemnation;
- develop and improve lands within the IDD;
- dredge, bulkhead, fill, grade, and protect property within the IDD;
- provide, maintain, and operate water, light, power and fire protection facilities and services, streets, roads, bridges, highways, waterways, tracks, rail and water transfer and terminal facilities, and other harbor and industrial improvements;
- execute leases of lands; and
- establish local improvement districts within IDDs, levy special assessments, and issue local improvement bonds.

### Property Taxes.

Property taxes are imposed by state and local governments. The county assessor determines assessed value for each property and calculates property taxes. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located.

The aggregate of all tax levies upon real and personal property by the state and all taxing districts may not in any year exceed 1 percent of the true and fair value of the property. This limitation, however, does not prevent ports from imposing levies at rates permitted by statute. Also, in general, the aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed \$5.90 per \$1,000 of assessed valuation. Statute specifically provides that the term "junior taxing district" does not include port districts and that this limitation does not apply to levies assessed by port districts at rates provided by existing law.

### Industrial Development District Levies.

A port district that has adopted a comprehensive scheme may raise revenue by an annual levy, not to exceed 45 cents per \$1,000 of assessed value against the assessed valuation of taxable property in the port district. A district's authority to impose this levy is subject to the following:

- *First Six-Year Period.* Any port district that has adopted a comprehensive scheme may raise revenue by an annual levy for a period of six years.
- *Second Six-Year Period.* A port district that has adopted a comprehensive scheme may raise revenue by an annual levy for a second six-year period after publishing notice of the

intent to do so. However, if within 90 days a petition containing sufficient signatures of voters registered in the port district is filed with the county auditor, the proposition to make the levies must be submitted to a vote at a special election and approved by the voters.

- *Third Six-Year Period.* A port district that has adopted a comprehensive scheme and borders the Pacific Ocean may impose an annual levy for a third six-year period, if voters approve by a simple majority a ballot proposition authorizing the additional levies.

Levy revenues must be used exclusively for the exercise of powers granted to the port district under statutes governing IDD's. In the event that a levy produces revenue in excess of the requirements to complete all projects of a district, the excess must be used to retire general obligation bonded indebtedness. Revenues not expended in the year in which the levies were made may be paid into a fund for future use, which fund may be accumulated and carried over from year to year.

### **Summary of Bill:**

Statutory provisions authorizing port districts that have adopted a comprehensive scheme to impose annual levies for up to three six-year periods are repealed effective January 1, 2020. Port districts are prohibited from levying taxes under the repealed provisions for collection in 2020 and after.

New provisions authorizing port districts that have adopted a comprehensive scheme to impose levies for up to three multiyear levy periods are adopted. The new provisions apply to taxes levied for collection in 2016 and after.

Under the new provisions, port districts that have adopted a comprehensive scheme may raise revenue through levies for up to three multiyear levy periods. A districts' authority to raise revenue through multiyear levy periods is subject to the following:

- *First and Second Multiyear Levy Periods.* Certain criteria applies to both first and second multiyear levy periods, including: periods do not have to be consecutive; periods may not overlap; the aggregate revenue that may be collected over the two levy periods may not exceed an amount calculated in accordance with statute; the levy rate in any year may not exceed 45 cents per \$1,000 of assessed value; and levy periods may not exceed 20 years from the date the initial levy is made in the period.

In addition, for second multiyear levy periods, the commission must publish notice of the intent to impose levies over a second period, and if a petition is filed with the county auditor, submit the proposition to voters at a special election.

- *Third Multiyear Levy Period.* A port district that has adopted a comprehensive scheme and borders the Pacific Ocean may impose a third levy for a period that may not exceed six years, if voters approve by a simple majority a ballot proposition authorizing the levy. The levy rate may not exceed 45 cents per \$1,000 of assessed value.

A port district that has already imposed annual levies in first, second, or third six-year periods, may be eligible to impose levies for a second or third multiyear levy period, provided that certain criteria is satisfied.

With the exception of levies assessed by port districts in a third multiyear levy period, limitations prescribed by statute for regular property taxes do not apply to port district levies for IDD.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.