

# FINAL BILL REPORT

## SHB 1337

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Synopsis as Enacted

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

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Takko, Nealey, Springer, Zeiger, Tarleton and Chandler).

**House Committee on Local Government**  
**House Committee on Finance**  
**Senate Committee on Trade & Economic Development**  
**Senate Committee on Ways & Means**

### **Background:**

#### Port Districts.

Ports districts (districts) are established to acquire, construct, maintain, operate, develop, and regulate: harbor improvements; rail, motor vehicle, water, air, or any combination of such transfer and terminal facilities; 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.

#### 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, and 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

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comprehensive scheme before any expenditures may be made on the improvements or property acquired.

Port districts that have created IDD's may 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 the IDD's, levy special assessments, and issue local improvement bonds.

#### Property Taxes.

Property taxes are imposed by state and local governments. The county assessor determines the assessed value for each property and calculates property taxes based on the assessed valuation. The property tax bill for an individual property is determined by multiplying the property's assessed value 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 exceed 1 percent of the true and fair value of the property in any year. This limitation, however, does not prevent port districts 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. 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 statute.

#### 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 of publishing notice 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. 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 may be accumulated and carried over from year to year.

**Summary:**

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, 2026. Port districts are prohibited from levying taxes under the repealed provisions for collection in 2026 and after.

For taxes levied for collection in 2016 and after, port districts that have adopted a comprehensive scheme are authorized to impose levies for up to three multiyear levy periods.

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 district's authority to raise revenue through multiyear levy periods is subject to the following:

- *First and Second Multiyear Levy Periods.* For both first and second multiyear levy periods: the multiyear levy periods do not have to be consecutive; the multiyear levy periods may not overlap; the aggregate revenue that may be collected over the two multiyear 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 the multiyear levy periods may not exceed 20 years from the date the initial levy is made in the applicable multiyear 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 within 90 days of publication of the notice, 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 imposed annual levies in a first six-year period pursuant to provisions repealed effective January 1, 2026, may be eligible to impose levies for a second or third multiyear levy period, provided that certain criteria are satisfied. Similarly, a port district that has imposed annual levies in a second six-year period may be eligible to impose levies for a third multiyear levy period, provided that certain criteria are satisfied.

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

**Votes on Final Passage:**

House	75	23
Senate	48	0

**Effective:** July 24, 2015