

SENATE BILL REPORT

ESHB 1170

As of March 20, 2015

Title: An act relating to the administrative powers of port districts.

Brief Description: Granting port districts certain administrative powers.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Clibborn, Zeiger, Tarleton, Wilcox, Springer, Jinkins, Fey, Kilduff, Fitzgibbon, Gregerson and Tharinger).

Brief History: Passed House: 3/05/15, 96-2.

Committee Activity: Trade & Economic Development: 3/18/15.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Staff: Jeff Olsen (786-7428)

Background: Port districts were authorized in 1911 for the purpose of constructing harbor improvements, developing rail and terminal facilities, and undertaking other industrial improvements. Ports have the authority to develop marine terminals, airports, and other cargo handling facilities; establish foreign trade zones; operate or lease marinas; provide environmental protection and enhancement; and provide public access. Port districts are located across the state and are managed by elected port commissioners.

The Interlocal Cooperation Act (ICA) allows public agencies to enter into agreements with one another for joint or cooperative action. Any power, privilege, or authority held by a public agency may be exercised jointly with one or more other public agencies having the same power, privilege, or authority. In addition, ports are specifically authorized to exercise jointly all powers granted to each individual district. In October 2014, the ports of Seattle and Tacoma announced their intention to create a joint marine cargo operating enterprise to be called the Seaport Alliance.

The Legislature authorized the creation of Public Development Authorities (PDAs) in 1974 to improve governmental efficiency or services and to improve living conditions in urban areas. Cities, towns, and counties are authorized to create public corporations to administer and execute federal grants or programs; receive and administer private funds, goods, or services; and perform any lawful public purpose. A November 2012 State Auditor's Office Audit Summary for Public Development Authorities identified 38 PDAs operating in the

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state at that time. Examples of public development authorities that have been established include the Bellevue Convention Center Authority, Capitol Hill Housing Improvement Program, Grays Harbor PDA for redevelopment of the Satsop site, Pike Place Market Preservation and Development Authority, and the Vancouver City Center redevelopment authority.

Summary of Bill: Port districts located in a county with a population of more than 800,000 on the effective date of the act are granted the power to create a port public development authority (port PDA) to manage maritime activities of the district or districts. Port PDAs may be created to: (1) administer and execute federal grants or programs; (2) receive and administer private funds, goods, or services for any lawful public purpose related to maritime activities of the district or districts; and (3) perform any lawful public purpose or public function related to maritime activities of the district or districts. Port PDAs are granted various powers including to own and sell real and personal property; to sue and be sued; to issue bonds, notes, and other evidences of indebtedness; to establish special funds; and loan and borrow funds. Port PDAs do not have the power of eminent domain, or the power to levy taxes or special assessments.

The affairs, operations, and funds of a port PDA must be governed by the district or districts that created the port PDA. Each district that has either singly or jointly created a port PDA must oversee and manage the affairs, operations, and funds of the port PDA through the district's own elected port commission. Port PDAs are subject to applicable laws including the Public Records Act, the Open Public Meetings Act, and the Code of Ethics for Municipal Officers.

If a port PDA is insolvent or dissolves, the superior court of a county in which the port PDA operates has jurisdiction to appoint and supervise trustees and receivers of the authority's property and assets. All liabilities incurred by the port PDA must be satisfied exclusively from its assets and property.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: When considering transportation investments that would help the Port of Tacoma or the Port of Seattle, it is helpful to look at both ports together as the Puget Sound gateway. The Puget Sound gateway is an asset for the state and the region, and an important component of Washington's trade dependent economy. There have been tremendous changes over the past six years in the shipping industry. Shipping lines have formed alliances and increased vessel size to become more competitive and move more cargo in a shorter amount of time. The industry changes will require capital investments at port facilities to stay competitive. In the past, the Port of Seattle and the Port of Tacoma would compete for business. With the recent decision to form the Seaport Alliance, the goal is to jointly manage the maritime business and better compete with other

ports. This legislation would allow the creation of a port public district authority and provide the most appropriate mechanism to allow the current port commissioners to jointly manage maritime activities.

Persons Testifying: PRO: Representative Clibborn, prime sponsor; John Wolfe, Port of Tacoma; Kurt Beckett, Port of Seattle; Tom Tanaka, Port of Seattle Counsel.

Persons Signed in to Testify But Not Testifying: No one.