

SENATE BILL REPORT

SHB 1337

As Reported by Senate Committee On:
Trade & Economic Development, March 25, 2015

Title: An act relating to increasing the flexibility for industrial development district levies for public port districts.

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).

Brief History: Passed House: 3/10/15, 75-23.

Committee Activity: Trade & Economic Development: 3/25/15 [DP-WM].

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Brown, Chair; Braun, Vice Chair; Chase, Ranking Minority Member; Angel, Frockt and McCoy.

Staff: Jeff Olsen (786-7428)

Background: There are three types of levies a port may impose: (1) levies for general port purposes; (2) levies for dredging, canal construction, land leveling, or filling purposes; and (3) levies for industrial development purposes. A port commission, after holding a public hearing, has the authority to create an industrial development district (IDD) within the broader port district for the purpose of establishing and developing a system of harbor improvements and industrial development.

Port districts may impose a property tax levy (IDD levy) to provide funds for ports to acquire, develop, and improve under-utilized industrial lands. The maximum tax rate of an IDD levy is \$0.45 per \$1,000 of assessed value. The IDD levy funds may be used for capital investment and improvements, acquisition and development, environmental work, and debt service within the IDD. An IDD levy is limited to six years. However, an IDD levy can be renewed for a second six-year period if notice of the levy is published in one or more newspapers of general circulation with the port district by June 1 of the year in which the levy is imposed. A second IDD levy is subject to a referendum vote if at least 8 percent of

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the voters voting at the last gubernatorial election sign a referendum petition. A port district that has adopted a scheme of improvements 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.

Summary of Bill: Current statutes authorizing port districts to impose IDD 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.

Port districts that have adopted a comprehensive scheme for harbor improvements and industrial developments may impose levies for up to three multiyear levy periods. The first and second-year levy period may be up to 20 years, and the aggregate IDD levy amount may not exceed \$2.70 per \$1,000 of assessed value. The third IDD levy, restricted to ports in a county bordering the Pacific Ocean, may not exceed six years. The levy rate in any year may not exceed \$0.45 per \$1,000 of assessed value. The new provisions apply to taxes levied for collection in 2016 and after. A port district that has already imposed annual levies in first, second, or third six-year periods, may not levy a tax under the new multiyear levy unless certain criteria are satisfied.

Appropriation: None.

Fiscal Note: Requested on March 20, 2015.

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: This bill does not provide any additional funding authority, but provides more flexible terms for ports to finance industrial development projects up to 20 years. By increasing the terms from six years to a more-workable 20 years, annual levy rates on property owners would be lower.

Persons Testifying: PRO: Eric Johnson, WA Public Ports Assn.

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