

SENATE BILL REPORT

SB 5413

As of February 27, 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: Senators Warnick, Chase, Honeyford, Hobbs and Hatfield.

Brief History:

Committee Activity: Trade & Economic Development: 2/11/15, 2/18/15 [DPS-WM, DNP, w/oRec].

Ways & Means: 2/26/15.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5413 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Brown, Chair; Braun, Vice Chair; Angel and Ericksen.

Minority Report: Do not pass.

Signed by Senators Chase, Ranking Minority Member; McCoy.

Minority Report: That it be referred without recommendation.

Signed by Senator Frockt.

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

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

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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 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 (Recommended Substitute): 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.

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. 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.

EFFECT OF CHANGES MADE BY TRADE & ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute): The expiration date for the current IDD levies is moved from 2020 to 2026. The process for calculating the limit for the new multiyear levy is clarified to not exceed the maximum amount that could have been levied under the current six-year levy limit.

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 on Original Bill (Trade & Economic Development):
PRO: No new funding authority is authorized; however, the changes provide more flexibility

for ports to do projects over time, and this bill will lower the tax burden on property owners in a given year. This provides ports with a useful tool to do bigger projects.

Persons Testifying (Trade & Economic Development): PRO: Diahann Howard, Director of Economic Development & Government Affairs, Port of Benton; Ginger Eagle, Assistant Director, WA Public Ports Assn., Michael Luzzo, citizen.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill extends the time period the port can levy and industrial development can levy, but does not increase the amount total money levied. It allows ports more flexibility when scaling projects.

Persons Testifying (Ways & Means): PRO: Eric Johnson, WA Public Ports Assn.