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**SUBSTITUTE HOUSE BILL 1337**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** House Finance (originally sponsored by Representatives Takko, Nealey, Springer, Zeiger, Tarleton, and Chandler)

READ FIRST TIME 02/27/15.

1 AN ACT Relating to increasing the flexibility for industrial  
2 development district levies for public port districts; amending RCW  
3 53.25.040; adding a new section to chapter 53.36 RCW; adding a new  
4 section to chapter 84.55 RCW; creating new sections; repealing RCW  
5 53.36.100 and 53.36.110; and providing an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 53.36  
8 RCW to read as follows:

9 (1)(a) A port district having adopted a comprehensive scheme of  
10 harbor improvements and industrial developments may thereafter raise  
11 revenue through:

12 (i) A first multiyear levy period, if it meets the requirements  
13 of this subsection (1);

14 (ii) A second multiyear levy period, if it meets the requirements  
15 of this subsection (1) and subsection (2) of this section; and

16 (iii) A third multiyear levy period, if it meets the requirements  
17 of subsection (3) of this section.

18 (b) First and second multiyear levy periods do not have to be  
19 consecutive.

20 (c) First and second multiyear levy periods may not overlap.

1 (d) The aggregate revenue that may be collected over a first or  
2 second multiyear levy period may not exceed the sum of: (i) Two  
3 dollars and seventy cents per thousand dollars of assessed value  
4 multiplied by the assessed valuation of the taxable property in the  
5 port district for taxes collected in the base year; and (ii) the  
6 difference of:

7 (A) The maximum allowable amount that could have been collected  
8 under RCW 84.55.010 for the first six collection years of the levy  
9 period; and

10 (B) The amount calculated under (d)(i) of this subsection (1).

11 (e) The levy rate in any year may not exceed forty-five cents per  
12 thousand dollars of assessed value.

13 (f) A levy period may not exceed twenty years from the date the  
14 initial levy is made in the period.

15 (g) A port district must adopt a resolution during the base year  
16 approving the use of a first or second multiyear levy period.

17 (2) If a port district intends to impose levies over a second  
18 multiyear levy period, the port commission must publish notice of  
19 this intention, in one or more newspapers of general circulation  
20 within the district, by April 1st of the year in which the first levy  
21 in the second multiyear levy period is to be made. If within ninety  
22 days of the date of publication a petition is filed with the county  
23 auditor containing the signatures of eight percent of the number of  
24 voters registered and voting in the port district for the office of  
25 the governor at the last preceding gubernatorial election, the county  
26 auditor must canvass the signatures in the same manner as prescribed  
27 in RCW 29A.72.230 and certify their sufficiency to the port  
28 commission within two weeks. The proposition to impose levies over a  
29 second multiyear levy period must be submitted to the voters of the  
30 port district at a special election, called for this purpose, no  
31 later than the date on which a primary election would be held under  
32 RCW 29A.04.311. The levies may be made in the second multiyear levy  
33 period only if approved by a majority of the voters of the port  
34 district voting on the proposition.

35 (3) In addition, if voters approve a ballot proposition  
36 authorizing additional levies by a simple majority vote, a port  
37 district located in a county bordering on the Pacific Ocean having  
38 adopted a comprehensive scheme of harbor improvements and industrial  
39 developments may impose a third levy for a period that may not exceed  
40 six years. The levy rate in any year may not exceed forty-five cents

1 per thousand dollars of assessed value. Except for the initial levy  
2 in the third levy period, RCW 84.55.010 applies to the tax authorized  
3 in this subsection.

4 (4) The levy of such taxes under this section is authorized  
5 notwithstanding the provisions of RCW 84.52.043 and 84.52.050. The  
6 revenues derived from levies made under this section not expended in  
7 the year in which the levies are made may be paid into a fund for  
8 future use in carrying out the powers granted under chapter 53.25  
9 RCW, which fund may be accumulated and carried over from year to  
10 year, with the right to continue to levy the taxes provided for under  
11 this section for the purposes herein authorized.

12 (5) In the event a levy authorized in this section produces  
13 revenue in excess of the requirements to complete the projects of a  
14 port district then provided for in its comprehensive scheme of harbor  
15 improvements and industrial developments or amendments thereto, the  
16 excess must be used solely for the retirement of general obligation  
17 bonded indebtedness.

18 (6)(a) Except as otherwise provided in this subsection, a port  
19 district that has levied the tax authorized under RCW 53.36.100 may  
20 not levy a tax authorized under this section.

21 (b) A port district that levied the tax authorized under RCW  
22 53.36.100 for taxes collected in 2015 as part of the initial six-year  
23 period may levy the tax authorized under this section for a second  
24 and third multiyear levy period in accordance with this section after  
25 the initial six-year levy period under RCW 53.36.100.

26 (c) A port district that levied the tax authorized under RCW  
27 53.36.100 for taxes collected in 2015 as part of the second six-year  
28 period may levy the tax authorized under this section for a third  
29 multiyear levy period in accordance with this section after the  
30 second six-year levy period under RCW 53.36.100.

31 (d) A port district that did not levy the tax authorized under  
32 RCW 53.36.100 for taxes collected in 2015 but has previously levied a  
33 tax under RCW 53.36.100 for only the initial six-year period may  
34 impose levies in accordance with this section for a second and third  
35 multiyear levy period.

36 (e) A port district that did not levy the tax authorized under  
37 RCW 53.36.100 for taxes collected in 2015 but has previously levied a  
38 tax under RCW 53.36.100 for the initial and second six-year periods  
39 may impose levies in accordance with this section for a third  
40 multiyear levy period.

1 (7) For the purposes of this section, "base year" means the year  
2 prior to the first collection year in a first or second multiyear  
3 levy period.

4 **Sec. 2.** RCW 53.25.040 and 1989 c 167 s 1 are each amended to  
5 read as follows:

6 (1) A port commission may, after a public hearing thereon, of  
7 which at least ten days' notice (~~shall~~) must be published in a  
8 newspaper of general circulation in the port district, create  
9 industrial development districts within the district and define the  
10 boundaries thereof, if it finds that the creation of the industrial  
11 development district is proper and desirable in establishing and  
12 developing a system of harbor improvements and industrial development  
13 in the port district.

14 (2)(a) The boundaries of an industrial development district  
15 created by subsection (1) of this section may be revised from time to  
16 time by resolution of the port commission, to delete land area  
17 therefrom, if the land area to be deleted was acquired by the port  
18 district with its own funds or by gift or transfer other than  
19 pursuant to RCW 53.25.050 or 53.25.060.

20 (b) As to any land area to be deleted under this subsection that  
21 was acquired or improved by the port district with funds obtained  
22 through RCW 53.36.100 or section 1 of this act, the port district  
23 (~~shall~~) must deposit funds equal to the fair market value of the  
24 lands and improvements into the fund for future use described in RCW  
25 53.36.100 or section 1 of this act and such funds (~~shall be~~) are  
26 thereafter subject to RCW 53.36.100 or section 1 of this act. The  
27 fair market value of the land and improvements (~~shall~~) must be  
28 determined as of the effective date of the port commission action  
29 deleting the land from the industrial development district and  
30 (~~shall~~) must be determined by an average of at least two  
31 independent appraisals by professionally designated real estate  
32 appraisers (~~as defined in RCW 74.46.020~~) or licensed real estate  
33 brokers. The funds (~~shall~~) must be deposited into the fund for  
34 future use described in RCW 53.36.100 within ninety days of the  
35 effective date of the port commission action deleting the land area  
36 from the industrial district. Land areas deleted from an industrial  
37 development district under this subsection (~~shall~~) are not (~~be~~)  
38 further subject to the provisions of this chapter. This subsection  
39 (~~shall apply~~) applies to presently existing and future industrial

1 development districts. Land areas deleted from an industrial  
2 development district under this subsection that were included within  
3 such district for less than two years, if the port district acquired  
4 the land through condemnation or as a consequence of threatened  
5 condemnation, (~~shall~~) must be offered for sale, for cash, at the  
6 appraised price, to the former owner of the property from whom the  
7 district obtained title. Such offer (~~shall~~) must be made by  
8 certified or registered letter to the last known address of the  
9 former owner. The letter (~~shall~~) must include the appraised price  
10 of the property and notice that the former owner must respond in  
11 writing within thirty days or lose the right to purchase. If this  
12 right to purchase is exercised, the sale (~~shall~~) must be closed by  
13 midnight of the sixtieth day, including nonbusiness days, following  
14 close of the thirty-day period.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.55  
16 RCW to read as follows:

17 (1) Except as provided in section 1(3) of this act, RCW 84.55.010  
18 does not apply to a levy under section 1 of this act.

19 (2) For purposes of applying the provisions of this chapter, a  
20 levy by or for a port district under section 1(3) of this act must be  
21 treated in the same manner as a separate regular property tax levy  
22 made by or for a separate taxing district.

23 NEW SECTION. **Sec. 4.** A port district may not levy taxes under  
24 RCW 53.36.100 for collection in 2026 and thereafter.

25 NEW SECTION. **Sec. 5.** The following acts or parts of acts, as  
26 now existing or hereafter amended, are each repealed, effective  
27 January 1, 2026:

28 (1) RCW 53.36.100 (Levy for industrial development district  
29 purposes—Notice—Petition—Election) and 1994 c 278 s 1, 1982 1st  
30 ex.s. c 3 s 1, 1979 c 76 s 1, 1973 1st ex.s. c 195 s 58, & 1957 c 265  
31 s 1; and

32 (2) RCW 53.36.110 (Levy for industrial development district  
33 purposes—Excess funds to be used solely for retirement of general  
34 obligations) and 1957 c 265 s 2.

1        NEW SECTION.    **Sec. 6.**    Section 1 of this act applies to taxes  
2    levied for collection in 2016 and thereafter.

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