
Community Development & Housing Committee

HB 1308

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

Sponsors: Representatives Kenney, Walsh, Takko, Finn, Tharinger, Maxwell and Santos.

Brief Summary of Bill
<ul style="list-style-type: none">Increases the maximum time period for an Industrial Development District levy from six to 20 years.Replaces the one percent annual revenue limit with an aggregate revenue limit.

Hearing Date: 1/24/11

Staff: Jennifer Thornton (786-7147).

Background:

Ports.

There are 75 ports in Washington, with port districts located in 33 of 39 counties. Washington's ports are governed by an elected commission, independent of other local jurisdictions. Commissioners are elected to either four- or six-year terms.

Port commissions establish long-term strategies for a port district, and create policies to guide the development, growth, and operation of the port. They are responsible for a port's annual budget, approving tax levy rates, and hiring port staff.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Property taxes.

Property taxes are imposed by state and local governments. The county assessor determines assessed value for each property. The county assessor also calculates the tax rate necessary to raise the correct amount of property taxes for each taxing district. The assessor calculates the rate so the individual district rate limit, the district revenue limit, and the aggregate rate limits are all satisfied. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located. The assessor delivers the county tax roll to the county treasurer. The county treasurer collects property taxes based on the tax roll.

The annual increase in district property taxes is restricted by the one percent property tax revenue limit. This limit requires the district's tax rate to be reduced as necessary to limit the total amount of property taxes to the highest property tax amount in the three most recent years, plus one percent, plus an amount equal to last year's tax rate multiplied by the value of new construction in the district. This limit acts to reduce district rates below the maximum rate allowed for the district.

Industrial Development District Levies.

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 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. 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.

The ports of Port Angeles, Port Townsend, Grays Harbor, Ilwaco, and Peninsula may impose a third six-year IDD levy if approved by the voters.

The maximum tax rate of an IDD levy is 45 cents per thousand dollars of assessed value. Since 1985, 21 ports have levied IDD's. For property taxes due in 2010, four ports levied for industrial development purposes.

Summary of Bill:

For each six year period for an Industrial Development District property tax levy, the maximum levy period is increased to 20 years.

The one percent annual revenue limit is replaced by a maximum aggregate revenue amount over one levy period of \$2.70 multiplied by the assessed value of the property in the base year. (The maximum annual property tax rate of 45 cents per thousand dollars is not changed.) The base year is defined as the year prior to the first collection year in the levy period. The port district must adopt a resolution during the base year approving the use of the extended levy period.

Ports with a current IDD levy are not permitted to lengthen the six-year time period of their existing levy.

The date the port must publish notice of its intention to impose the second IDD levy is changed from June 1 to April 1 of the year in which the levy is imposed.

Appropriation: None.

Fiscal Note: Requested on 1/18/2011.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.