

# HOUSE BILL REPORT

## SB 6425

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**As Reported By House Committee On:**  
Capital Budget

**Title:** An act relating to public loans to port districts.

**Brief Description:** Concerning the indebtedness of a port district.

**Sponsors:** Senators Swecker, Fraser and Zarelli.

**Brief History:**

**Committee Activity:**

Capital Budget: 2/20/96, 2/23/96 [DP].

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 14 members: Representatives Sehlin, Chairman; Ogden, Ranking Minority Member; Chopp, Assistant Ranking Minority Member; Costa; Hankins; Koster; Mitchell; Pennington; Regala; Romero; Silver; D. Sommers; L. Thomas and Valle.

**Staff:** Bill Robinson (786-7140).

**Background:** Port districts are authorized to develop a variety of facilities and services, primarily related to transportation and economic development. These activities are financed through fees for services, fees for the use of port land, and facilities, property tax levies, and municipal bonds.

There are limitations on how much indebtedness a port district may incur. There is a constitutional debt limit and the more restrictive statutory debt limits.

Port districts, along with other municipal corporations, are also authorized to enter into loan agreements with state or federal agencies. One of the more common state loan programs available to port districts is the Community Economic Revitalization Board (CERB) loans.

The state law authorizing port districts to enter into loan agreements has caused some confusion as to whether the loan agreements are subject to the statutory debt limits. The statutory debt limits for port districts are found in two chapters of the Revised Code of Washington. Most debt limits for taxing districts, including port districts,

are set forth in Chapter 39 RCW. Port districts have a separate additional debt limitation in Chapter 53 RCW.

The authorization for loan agreements expressly states that the loans were not included in the debt limit under Chapter 39 RCW, but it did not provide a similar exemption under Chapter 53 RCW. It appears that the two statutes for port districts are not consistent and clarification is needed from the Legislature.

**Summary of Bill:** The amount of a loan from a state or federal agency is excluded from the statutory debt limitation for port districts under Chapter 53 RCW.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This is a technical change to clear up an ambiguity in the current statutes and to treat port districts the same as cities, counties, and other municipalities. The ability to participate in governmental loan program is important to small port districts.

**Testimony Against:** None.

**Testified:** Heidi Pehl, Port of Chehalis; and Pete Butkus, Department of Community, Trade and Economic Development.