

HOUSE BILL REPORT

SSB 5097

As Reported By House Committee On:
Government Operations

Title: An act relating to preserving port district debt limits.

Brief Description: Preserving port district debt limits.

Sponsors: Senate Committee on Government Operations (originally sponsored by Senators Swecker, Snyder, Palmer, Haugen and Winsley).

Brief History:

Committee Activity:

Government Operations: 3/17/95, 3/21/95 [DP].

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass. Signed by 10 members: Representatives Reams, Chairman; Goldsmith, Vice Chairman; L. Thomas, Vice Chairman; Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Chopp; R. Fisher; Honeyford; D. Schmidt and Wolfe.

Minority Report: Do not pass. Signed by 4 members: Representatives Hargrove; Hymes; Mulliken and Van Luven.

Staff: Steve Lundin (786-7127).

Background:

1. Constitutional and statutory limitations on local government indebtedness.

Article VIII, section 6, of the state constitution, establishes two limitations on the amount of indebtedness that a local government may incur. Our courts have determined that these limitations only restrict what is termed "general indebtedness" and do not restrict what is termed "revenue indebtedness." These limitations are described in terms of a dollar amount of indebtedness not exceeding a certain percentage of the value of taxable property within the local government.

The following two limitations on general indebtedness are established by this provision: (a) an amount of indebtedness that may be incurred without voter

approval; and (b) a total amount of indebtedness, including both voter approved and non-voter approved, that may be incurred with voter approval.

Not all types of local governments are authorized by statutes to incur general indebtedness. Normally, statutes authorize a local government to incur an amount of non-voter approved general indebtedness and a higher total amount of general indebtedness, including both non-voter approved and voter approved general indebtedness.

2. Varying limitations on port district indebtedness.

Statutes classify port districts by a variety of different factors and establish varying limitations on the amount of general indebtedness that such port districts may incur.

Normally, a port district may incur non-voter approved general indebtedness not exceeding one fourth of 1 percent of the value of taxable property in its boundaries.

Among other variations, a port district with less than \$800 million in value of taxable property may incur non-voter approved general indebtedness not exceeding three-eighths of 1 percent of the value of taxable property in the district. This indebtedness limitation only applies if the port district has a comprehensive plan for harbor improvements or industrial development and a long-term financial plan that is approved by the Department of Community Development. Further, this higher level of indebtedness may only be used to acquire or construct a facility for which a lease contract exists for a minimum of five years.

Summary of Bill: The special exception is altered for a port district, with less than \$800 million in value of taxable property, to incur non-voter approved general indebtedness of up to three-eighths of 1 percent of the value of taxable property in the district, for purposes of acquiring or constructing a facility for which a lease contract exists for a minimum of five years.

The language establishing the class of such port districts is altered, from any port district with less than \$800 million in value of taxable property, to any port district that had less than \$800 million in value of taxable property in 1991.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: This will only affect the Port of Centralia. Port districts help industrial economic development. The projects are very beneficial. The rental

income from the projects exceeds the debt service. We provide infrastructure for private industrial development.

Testimony Against: None.

Testified: Senator Dan Swecker, prime sponsor; and Scott Taylor, Washington Public Ports Association.