

HOUSE BILL REPORT

HB 1546

*As Reported By House Committee on:
Local Government*

Title: An act relating to port districts.

Brief Description: Changing provisions relating to property tax levies by port districts.

Sponsor(s): Representatives Nelson, Haugen, Brough, Hine, Locke, Heavey, Valle, G. Fisher, O'Brien, Zellinsky, R. Fisher, Rust, Brekke, Belcher, Prentice, H. Sommers, Cole, Jacobsen, Phillips and Braddock.

Brief History:

Reported by House Committee on:
Local Government, March 6, 1991, DPS.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *That Substitute House Bill No. 1546 be substituted therefor, and the substitute bill do pass.*
Signed by 9 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Horn; Nelson; Roland; Wood; Wynne; and Zellinsky.

Minority Report: *Do not pass.* Signed by 6 members: Representatives Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Nealey; and Rayburn.

Staff: Steve Lundin (786-7127).

Background: Port districts finance their activities and facilities through a variety of sources, including: (1) imposing rates and charges for using their facilities or services; (2) leasing property; (3) creating local improvement districts (LID's), imposing special assessments on benefited property, and issuing LID bonds; (4) issuing revenue bonds; (5) issuing general obligation bonds; and (6) imposing property taxes.

The taxing authority of port districts is somewhat unique, in that port districts have been authorized to impose a variety of property tax levies, both voter approved and nonvoter approved, all of which are in excess of the constitutional 1 percent limitation on the cumulative rate

of property taxes. Port districts have been authorized to impose the following five different property tax levies:

- o Up to 45 cents per \$1,000 of assessed valuation, without voter approval, for general port purposes;
- o Up to 45 cents per \$1,000 of assessed valuation, without voter approval, for 12 years for industrial development and harbor improvement purposes. This is the only nonvoter approved property tax levy that, for all practical purposes, is not subject to the 106 percent limitation on tax increases;
- o An unlimited property tax levy, without voter approval, to retire nonvoter approved general obligation bonds;
- o Up to 45 cents per \$1,000 of assessed valuation for dredging, canal construction, or land leveling or filling purposes, that must be authorized by a simple majority vote of district voters each year that it is imposed; and
- o An unlimited property tax levy, when authorized by a 60 percent vote of district voters and including a 40 percent validation requirement, to retire general obligation bonds issued for capital purposes.

Summary of Substitute Bill: A port district with a population of 100,000 or more, Seattle, Tacoma, Olympia, and Bellingham, is required to prepare a study justifying the imposition of any nonvoter approved property taxes, and hold a public hearing on the proposal, prior to imposing any nonvoter approved property tax levy.

The Washington Public Ports Association is required to publish annually a summary of port district finances, including the amount of property tax collections and percentage of total income that property tax collections constitutes for each port district in the State.

The system of accounting and reporting that the state auditor establishes for port districts must treat all property tax receipts as a discrete category or categories of nonoperating income.

Substitute Bill Compared to Original Bill: Sections were deleted eliminating nonvoter approved tax levies for the four largest port districts, granting port district voters the powers of initiative and referendum on some port matters, and increasing compensation for commissioners of the two larger ports. Language was added concerning the study and public hearing.

Fiscal Note: Not requested.

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

Testimony For: Port districts are not responsive. The competitors of our maritime ports are not authorized to impose taxes. Most enterprise or business-type activities of government are self supporting and are not subsidized by taxes. Up to 45 percent of one port's total income came from property taxes.

Testimony Against: Ports create jobs and boost the economy. They need the taxing authority. Why limit all ports when the voters of only a few are upset?

Witnesses: (Comments made to original bill): (Pro): Irene Christy, American Association of University Women; Elizabeth Springer and Diana Sain, Port Watch; Commissioner Sam Bradley, Port of Olympia; and Jacqueline Anderson, Concerned Southside Citizens. (Comments made to original bill): (Con): Don White, Washington Public Ports; Vic Ericson, Seattle-King County Economic Development Council; Steve Hasslinger, Stevedoring Services of America; and Don Meyers, Port of Tacoma.