

**SENATE BILL REPORT**

**ESHB 1546**

**AS OF MARCH 22, 1991**

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

**SPONSORS:** House Committee on Local Government (originally sponsored by 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).

**HOUSE COMMITTEE ON LOCAL GOVERNMENT**

**SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS**

**Staff:** Rod McAulay (786-7754)

**Hearing Dates:**

**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.

Port districts are authorized to fix wages and salaries for their employees, and to provide a variety of employee benefits, including vacations, pension benefits and insurance benefits. No express authorization is given to port districts to provide bonuses for their employees.

**SUMMARY:**

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.

A port district with a population of 100,000 or more (Seattle, Tacoma, Olympia and Bellingham) may not pay bonuses to its employees or officials.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested