
Local Government Committee

SB 6132

Brief Description: Authorizing a narrow modification to indebtedness limits for select inland port districts to ensure continued eligibility for federal funding for rail, power, and other critical public infrastructure improvements.

Sponsors: Senators Warnick and Valdez.

Brief Summary of Bill

- Allows a port district that has established a tax increment financing area and which meets specified requirements to contract additional indebtedness, borrow money, and issue general obligation bonds up to 0.25 percent of the value of the taxable property in the port district without voter approval.

Hearing Date: 2/24/26

Staff: Elizabeth Rehn (786-7129).

Background:

Port Districts.

Port districts are special purpose districts empowered to acquire, construct, maintain, operate, develop, and regulate harbor improvements; rail or motor transfer and terminal facilities; water transfer and terminal facilities; air transfer or terminal facilities; other commercial transportation, transfer, handling, storage, and terminal facilities; and industrial improvements.

Port District Indebtedness.

A port district may contract indebtedness or borrow money for district purposes and may also issue general obligation bonds. In combination with other existing indebtedness, general

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obligation bonds may not exceed one-fourth of one percent of the value of the taxable property in the district.

Port districts with taxable property less than \$800 million in value during 1991 may issue general obligation bonds, in combination with other existing indebtedness, up to three-eighths of one percent of the value of taxable property in the district.

If three-fifths of voters voting at a general or special port election approve, a port district may issue general obligations bonds or borrow money if the total indebtedness of the port district does not exceed three-fourths of one percent of the value of the taxable property in the district.

Additionally, port districts with taxable property less than \$200 million in value and operating a municipal airport may contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds up to an additional one-eighth of one percent of the value of taxable property without voter approval. If three-fifths of voters voting at a general or special port election approve, the port district may contract additional indebtedness and issue general obligation bonds for an additional three-eighths of one percent if the total indebtedness does not exceed one and one-fourth percent of the value of taxable property within the district.

Tax Increment Financing.

Tax increment financing (TIF) is a method of allocating a portion of property taxes to finance economic development in urban areas. Typically, under TIF, a local government issues bonds to finance public improvements. To repay its bondholders, the local government is permitted to draw upon regular property tax revenue collected from property owners inside a special district surrounding the site of the public improvements.

Summary of Bill:

A port district that meets the following requirements may contract indebtedness, borrow money, or issue general obligation bonds up to an additional 0.25 percent of the value of the taxable property in the district without voter approval:

- The port district must have created a tax increment finance area (increment area).
- The estimated taxable assessed value within the port district is between \$6 billion and \$7 billion in the calendar year in which the increment area is established.
- The estimated taxable assessed value of the properties within the increment area is less than \$150 million in the calendar year in which the increment area is established.
- Any indebtedness or borrowings must be used for financing public improvements.

Appropriation: None.

Fiscal Note: Available.

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