

# SENATE BILL REPORT

## SB 6132

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As of January 26, 2026

**Title:** An act relating to 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.

**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 History:**

**Committee Activity:** Local Government: 1/22/26.

**Brief Summary of Bill**

- Allows port districts that have established a tax increment financing area to contract indebtedness or borrow money for district purposes and issue general obligation bonds not exceeding an additional 0.25 percent of the value of the taxable property in the district without authorization by the voters under certain conditions.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Staff:** Karen Epps (786-7424)

**Background:** Port Districts. Port districts are special purpose districts authorized to acquire, construct, maintain, operate, develop, and regulate the following: harbor improvements, rail, motor vehicle, water, and air transfer and terminal facilities, or any combination of these facilities. There are 75 port districts in Washington.

Among the general powers granted to ports are the power to acquire land, property, leases,

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and easements; condemn property and exercise the power of eminent domain; develop lands for industrial and commercial purposes; impose taxes, rates, and charges; sell or otherwise convey rights to property; and construct and maintain specified types of park and recreation facilities.

A port district can be formed if at least 10 percent of the registered voters within a county petition for the formation of the district, and the district's formation is approved by voters at an election. Port districts may take up an entire single county or may be less than countywide. A port district is governed by a board of commissioners elected to staggered six or four-year terms of office. The port commissioners have the authority to hire employees and set wages, salaries, and benefits.

Port District Indebtedness. A port district may contract indebtedness, not authorized by the voters, of one-fourth of 1 percent of the value of taxable property in the district. Port districts having less than \$800 million in value during 1991 may contract indebtedness, not authorized by the voters, of three-eighths of 1 percent. With the assent of three-fifths of the voters, a port district may contract a total indebtedness of three-fourths of 1 percent of the value of the taxable property in the district.

A port district having less than \$200 million in value of taxable property and operating a municipal airport may at any time contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds therefor not exceeding an additional one-eighth of 1 percent of the value of the taxable property in the district without authorization by the voters. With the assent of three-fifths of the voters, a port district may contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds for an additional three-eighths of 1 percent provided the total indebtedness of the district for all port purposes does not exceed 1.25 percent of the value of the taxable property in the district.

Tax Increment Financing. Tax increment financing (TIF) is a method of allocating a portion of taxes to finance public improvements in designated areas. Typically, under a TIF Program, a local government, such as a city, town, county, or port district, issues bonds to finance public improvements. To repay its bondholders, the local government is permitted to draw upon tax revenue from increases in assessed value inside a special district surrounding the site of the public improvements. The increment area may not have an assessed valuation of more than \$200 million or more than 20 percent of the sponsoring jurisdiction's total assessed value, whichever is less. Allowable TIF investments include projects like:

- infrastructure including roads, sidewalks, water, and sewer;
- port and dock facilities;
- parks and community facilities; and
- electric, broadband, or rail services.

**Summary of Bill:** Port districts that have established a TIF area may contract indebtedness

or borrow money for district purposes and issue general obligation bonds not exceeding an additional 0.25 percent of the value of the taxable property in the district without authorization by the voters. To do so, the following conditions must be met:

- the estimated taxable assessed value within the port district is between \$6 billion and \$7 billion in the calendar year in which the resolution or ordinance establishing the increment area is adopted;
- in the calendar year in which the resolution or ordinance establishing the increment area is adopted, the estimated taxable assessed value of the properties in the increment area is less than \$150 million, as specified in the resolution or ordinance establishing the increment area; and
- the indebtedness or borrowed money must be used for the purpose of financing public improvements in the increment area.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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