

**WAC 458-19-05001 Port district levies for industrial development district purposes.** (1) **Introduction.** Port districts may annually levy for industrial development district (IDD) purposes when they have adopted a comprehensive scheme of harbor improvements and industrial development. Levies for IDD purposes are treated as though they are separate regular property tax levies made by or for a separate taxing district. This rule describes these port district levies for IDD purposes, authorized in RCW 53.36.100 and 53.36.160.

(a) **Other rules that may apply.** Readers may also want to refer to the following rules for additional information:

(i) WAC 458-19-005 Definitions.

(ii) WAC 458-19-010 Levy limit and levy rate calculations.

(iii) WAC 458-19-020 Levy limit—Method of calculation.

(iv) WAC 458-19-050 Port district levies.

(b) **Examples.** This rule contains examples; each example identifies a number of assumed facts and then states a conclusion. The examples should only be used as a general guide. The results of other situations must be determined after a review of all the facts and circumstances.

(2) **Organization of rule.** This rule has two parts:

(a) Part I - IDD levy under RCW 53.36.100.

(b) Part II - Multiyear IDD levies under RCW 53.36.160.

(3) **Definitions.** For purposes of this rule, the definitions in WAC 458-19-005 apply. In addition, "base year" means the year prior to the first collection year in a first or second multiyear IDD levy period.

(4) **Limitations upon regular property tax levies; exception.**

(a) As set forth in RCW 84.04.140, all port district levies discussed in this rule are regular property tax levies regardless of whether they are voter-approved levies. As such, they are generally subject to the levy limit, unless otherwise specified.

(b) Port district levies are not subject to either the statutory aggregate dollar rate limit set forth in RCW 84.52.043 or the constitutional one percent limit set forth in RCW 84.52.050.

#### **Part I - IDD levies under RCW 53.36.100**

(101) **Levy periods.** A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may impose up to three periods of six IDD levies. The levy periods do not have to be continuous, but they may not overlap. The six IDD levies in a levy period do not have to be continuous, but may not overlap.

(a) **First IDD levy period.** The first IDD levy period does not require voter approval.

(b) **Second IDD levy period.** The port commission must publish their intention to make an additional period of six IDD levies in a newspaper by June 1st of the year in which the first levy of this period will be made. Voter approval to make this levy is only required if a petition with eight percent of the voters' signatures of the district is submitted to the county auditor within ninety days of the date of notice in the newspaper. If voter approval is required, a majority of the voters must approve this levy.

(c) **Third IDD levy period.** Port districts in a county bordering the Pacific Ocean may request voter approval to make a third period of six IDD levies. This levy period requires a simple majority voter approval.

(102) **Forty-five cent levy rate limitation.** This levy cannot exceed the levy rate of forty-five cents per thousand dollars of assessed value of the port district specified in RCW 53.36.100(1).

(103) **Levy limit calculation.** Except for the first levy in each period, the IDD levies are subject to the levy limit in chapter 84.55 RCW. Refer to WAC 458-19-020 for more information about the levy limit calculation. County assessors must calculate the levy limit every calendar year until there has been six levies in each period. County assessors must use the levy rate from the last year in which there is an IDD levy when calculating increases to the authorized levy amount due to new construction, wind turbine/solar/biomass/geothermal facility construction, improvements to property, and any increase in the value of state-assessed property (collectively "new construction increases").

(104) **Effective period.**

(a) RCW 53.36.100 applies to a port district that has initiated one or more IDD levy periods before tax year 2016.

(b) RCW 53.36.100 is repealed effective January 1, 2026, and port districts are prohibited from levying taxes under this repealed provision for collection in 2026 and after.

(c) A port district authorized under RCW 53.36.100 may continue to levy under this provision, so long as no collection occurs in 2026 and after.

## **Part II - Multiyear IDD levies under RCW 53.36.160**

(201) **Multiyear levy periods.** A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may impose up to three periods of multiyear IDD levies. The multiyear levy periods do not have to be continuous, but they may not overlap. Except as otherwise provided, a multiyear levy period may not exceed twenty years from the date the first levy is made in the period.

(a) **First multiyear IDD levy period.** A port district must adopt a resolution during the base year approving the use of the first multiyear IDD levy period.

(b) **Second multiyear IDD levy period.**

(i) A port district must adopt a resolution during the base year approving the use of the second multiyear IDD levy period.

(ii) A port district must publish notice of the intention to impose a second multiyear IDD levy period. The port commission must publish their intention to make this levy in one or more newspapers of general circulation within the district, by April 1st of the base year of this second multiyear levy period.

(iii) A petition containing the signatures of eight percent of the number of voters registered and voting in the port district for the office of the governor at the last preceding gubernatorial election, may be filed with the county auditor within ninety days of the date of the port commission's publication. The county auditor then has two weeks to certify to the port commission the sufficiency of the signatures in accordance with RCW 29A.72.230. Once certified, the proposition to impose the levies in this second multiyear levy period is subject to voter's approval in a special election, no later than the date on which a primary election would be held under RCW 29A.04.311. The levies may proceed only if a majority of voters of the port district voting on this proposition approves it.

(c) **Third multiyear IDD levy period.** A county bordering on the Pacific Ocean having adopted a comprehensive scheme of harbor improve-

ments and industrial developments may seek a simple majority voter approval to impose up to six levies in a six-year period for the third multiyear levy period.

(202) **Forty-five cent levy rate limitation.** RCW 53.36.160 (1) and (3) provide that no levy in any period may exceed forty-five cents per thousand dollars of assessed value of the port district.

(203) **Levy limit calculation.**

(a) RCW 84.55.130 provides that the levy limit under RCW 84.55.010 does not apply to a district's first or second multiyear levy period. The levy limit under RCW 84.55.010 only applies to the third multiyear levy period's years two through six.

(b) Instead, the first and second multiyear levy periods have a limit on the aggregate revenue amount that the period may collect. The aggregate revenue amount for each multiyear levy period may not exceed the maximum allowable amount that could have been collected under RCW 84.55.010 for the first six collection years of the period. This means that:

(i) County assessors must calculate the levy limit for each of the first six calendar years of the period as if the port district were levying;

(ii) County assessors must use the levy rate from the last year in which there is an IDD levy when calculating increases to the authorized levy amount due to new construction increases; there would be no new construction increases in the first year. See subsection (203)(d) of this rule below for examples of aggregate revenue limit calculations.

(c) For purposes of this section (203), the levy limit in RCW 84.55.010 is calculated in accordance with RCW 84.55.092, and any other applicable provisions in chapter 84.55 RCW, and subject to the forty-five cent levy rate limitation. See WAC 458-19-020.

(d) **Examples.** Some numbers in the examples are rounded for ease of illustration.

(i) Example 1. Assume a qualifying port district has a base year of \$1,000,000,000 assessed value, with approximately four percent increase annually. There are new construction increases in years four and five. The maximum allowable amount that could have been levied under RCW 84.55.010 for the first six collection years of the levy period is computed as follows:

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
(A)	Assessed value (AV)	\$1,040,000,000	\$1,082,000,000	\$1,125,000,000	\$1,170,000,000	\$1,217,000,000	\$1,266,000,000
(B)	Highest prior lawful levy	n/a	\$468,000	\$472,680	\$477,407	\$486,381	\$494,245
(C)	(B) + 1% growth	n/a	\$472,680	\$477,407	\$482,181	\$491,245	\$499,187
(D)	Statutory max. @ 45¢/\$1,000 AV	\$468,000	\$486,900	\$506,250	\$526,500	\$547,650	\$569,700
(E)	New construction increases	n/a	\$0	\$0	\$10,000,000	\$7,500,000	\$0
(F)	Multiply (E) by prior year levy rate	n/a*	\$0	\$0	\$4,200	\$3,000	\$0
(G)	Levy limit: Lesser of (C) and (D), plus (F); and not exceeding (D)	\$468,000	\$472,680	\$477,407	\$486,381	\$494,245	\$499,187
(H)	Regular property tax levy rate: (G) divided by (A)	44¢	44¢	42¢	42¢	41¢	39¢

\* There has been no IDD levy yet, so there would not be any new construction increases for the first IDD levy year.

The aggregate revenue amount for the period is the sum of the levy limits (row G), which is \$2,897,900. A port district may collect

this aggregate revenue amount for the levy period in at most twenty levies within twenty years from, and including, the first year.

(ii) Example 2. Assume a qualifying port district has a base year of \$2,200,000,000 assessed value, with fluctuating increases/decreases over the course of the six years. There are new construction increases in years three and six. The maximum allowable amount that could have been levied under RCW 84.55.010 for the first six collection years of the levy period is computed as follows:

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
(A)	Assessed value (AV)	\$2,500,000,000	\$2,000,000,000	\$1,400,000,000	\$1,800,000,000	\$2,300,000,000	\$2,800,000,000
(B)	Highest prior lawful levy	n/a	\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000
(C)	(B) + 1% growth	n/a	\$1,136,250	\$1,136,250	\$1,136,250	\$1,136,250	\$1,136,250
(D)	Statutory max. @ 45¢/ \$1,000 AV	\$1,125,000	\$900,000	\$630,000	\$810,000	\$1,035,000	\$1,260,000
(E)	New construction increases	n/a*	\$0	\$100,000,000	\$0	\$0	\$800,000,000
(F)	Multiply (E) by prior year levy rate	n/a	\$0	\$45,000	\$0	\$0	\$360,000
(G)	Levy limit: Lesser of (C) and (D), plus (F); and not exceeding (D)	\$1,125,000	\$900,000	\$630,000	\$810,000	\$1,035,000	\$1,260,000
(H)	Regular property tax levy rate: (G) divided by (A)	45¢	45¢	45¢	45¢	45¢	45¢

\* There has been no IDD levy yet, so there would not be any new construction increases for the first IDD levy year.

The aggregate revenue amount for the period is the sum of the levy limits (row G), which is \$5,760,000. A port district may collect this aggregate revenue amount in up to twenty levies for the period.

**(204) Effective period.**

(a) RCW 53.36.160, authorizing multiyear IDD levies, is effective for IDD levy period that begins in 2016 and after.

(b) A port district that has levied the tax authorized under RCW 53.36.100 (see Part I of this rule) may not levy a tax authorized under RCW 53.36.160 (see Part II of this rule) except as follows:

If a Port District Levied Under RCW 53.36.100:	Then the Port District May Levy Under RCW 53.36.160:
IDD Levy Period	IDD Levy Period
At least one levy in the first period is collected in 2015 or prior	Second and third levy periods
At least one levy in the second period is collected in 2015 or prior	Third levy period

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, 34.05.230 and chapters 84.52 and 84.55 RCW. WSR 18-11-054, § 458-19-05001, filed 5/10/18, effective 6/10/18.]