

Multiple Agency Fiscal Note Summary

Bill Number: 1663 HB	Title: Consolidated port districts
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 2/14/2023
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Department of Revenue Fiscal Note

Bill Number: 1663 HB	Title: Consolidated port districts	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellen Wright	Phone: 60-786-7134	Date: 02/07/2023
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 02/12/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/12/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/13/2023

Request # 1663-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

The law allows two or more port districts to consolidate subject to voter approval of a joint resolution at a special election. The joint resolution submitted for voter approval may be initiated by the port commissioners of both port districts, or by a petition signed by 10 percent of the voters within each port district. Once voter approval is certified, the consolidated port district becomes a municipal corporation of the state of Washington and may levy property taxes as one consolidated port.

None of the obligations of each port district prior to consolidation may be affected by the consolidation. Taxes and assessments for payment of such obligations must continue to be levied and collected in respect to property in the former port districts.

Generally, individual port districts may levy four different property taxes, each with tax rates of up to \$0.45/\$1,000 assessed value for the following purposes:

- General port purposes (and for payment and interest on general bonded indebtedness which can be in excess of the \$0.45/\$1,000 AV tax rate).
- Industrial development district purposes (any excess revenue must go to retirement of general obligation bonded indebtedness).
- Dredging, canal construction, or land leveling or filling purposes (voter approved).
- Dissolution of a port district.

Also, individual port districts may contract indebtedness or borrow money for district purposes and may issue general obligation bonds.

PROPOSAL:

This bill allows two or more port districts under approval of two-thirds of the port commissioners of each port to jointly levy port district property taxes if the port districts operate under a mutual agreement and provided:

- The port districts are adjacent, and the boundaries of each district are coextensive with county boundaries.
- The port commissioners of each district must vote by July 1 to conduct a joint property tax levy for the following year.
- The joint property tax levy imposed within the port districts does not exceed the rate at which either port district would individually levy.
- Each participating port district imposes the same joint property tax rate.

Two or more port districts jointly levying property taxes is considered a "taxing district."

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

The maximum levy rate of the joint "taxing district" cannot exceed the highest of the individual rates of the joining port districts.

DATA SOURCES:

Request # 1663-1-1

- County assessor data
- Department of Revenue, Property Tax Division data

REVENUE ESTIMATES:

This legislation results in no revenue impact to the state. The local revenue impact of this legislation is indeterminate.

There are 12 known port districts that have boundaries coextensive with county boundaries. Many are adjacent to one or more other port districts. A port district may jointly levy property taxes with one or more adjacent port districts. However, it is unknown which port districts will jointly levy property taxes.

An agreement between port districts to form a joint "taxing district" may result in one port district paying slightly more while the other pays slightly less. Any local impacts are limited to the joining port districts only.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department will have minimal costs of approximately \$2,500 per fiscal year associated with implementation of changes to property tax programs but will absorb these costs within current funding.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1663 HB

Title: Consolidated port districts

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties: Counties that include port districts with coextensive boundaries.
- Special Districts: Port authority districts that choose to pursue a joint levy with one or more other port districts.
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The number of port districts that will choose to pursue a joint levy; the value of assessments by district; the costs incurred to create taxing districts for each port

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 02/14/2023
Leg. Committee Contact: Kellen Wright	Phone: 360-786-7134	Date: 02/07/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/14/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/14/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This legislation would provide two or more port districts an option to conduct a joint tax levy to collect property tax assessments.

Sec.1 adds a new section to chapter 53.08 which describes the process port districts must follow to establish a taxing district and adopt a unified levy. The port districts must:

- (a) Be adjacent with the port district boundaries coextensive with county boundaries;
- (b) Conduct a vote of the commissioners to approve a joint property tax levy be conducted in the following year, by a two-thirds margin;
- (c) Limit the rate for a joint tax levy to what each port district could individually levy;
- (d) Apply the joint property tax rate in each participating port district.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

By itself, the authority granted in this legislation has no fiscal impact. Port districts opting to pursue a unified levy would incur indeterminate costs associated with meeting the requirements in Sec. 1(3): certify the budget and levies to be assessed for the ports' purposes. It is not possible to estimate potential expenditures without knowing which port districts will establish a joint taxing district to conduct a unified levy. The Washington Association of County Officials has reported that this bill has no impact on county treasurers' expenditures.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

By itself, this bill has no impact on local government revenues. The bill grants port districts the ability to approve a joint property tax levy by a majority vote of the ports' commissioners. It is unknown how many port districts may choose to pursue a unified levy.

SOURCES

Municipal Research and Services Center (MRSC)
Washington Association of County Officials
Department of Revenue HB 1663 fiscal note (2023)