

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1663 E HB	<b>Title:</b> Consolidated port districts
-------------------------------	---

## 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.								
<b>Total \$</b>	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
<b>Total \$</b>	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
<b>Total \$</b>	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

<b>Prepared by:</b> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Final 3/30/2023
---------------------------------------	---------------------------------	---

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1663 E HB	<b>Title:</b> Consolidated port districts	<b>Agency:</b> 140-Department of Revenue
-------------------------------	---	--

## 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: Jeffrey Mitchell	Phone: 60-786-7438	Date: 03/29/2023
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 03/30/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 03/30/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/30/2023

Request # 1663-2-1

## 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.*

Note: This fiscal note reflects language in EHB 1663, 2023 Legislative Session.

#### COMPARISON OF THE ENGROSSED BILL WITH THE ORIGINAL BILL:

The engrossed bill:

- Limits the taxing authority for ports operating as a joint taxing district to levy only the property tax for general port purposes authorized in current law.
- Requires voter approval by voters of each port operating jointly to levy the joint taxing district's property tax.
- Clarifies the joint taxing district must levy at the same tax rate throughout the participating port districts.
- Clarifies that each port district of the joint district may continue levying separately for the purpose of making payments on bond indebtedness and the separate obligations remain the responsibility of the individual port district subject to the obligation.
- Clarifies how the joint property tax levy is to be calculated and requires voter approval within each separate port district participating in the joint district to approve a levy that exceeds the levy growth limitation.
- Clarifies how the initial property tax levies for individual ports are to be calculated after the joint taxing district ceases to levy jointly.

#### 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.

With regards to the voter-approved joint port district, 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 operating under a mutual agreement to jointly levy and collect a port district levy for general port purposes if two-thirds of the port commissioners of each port district agree and a majority of voters at special elections within each port district held on the same day and called by port district commissioners of the port districts approve the joint levy. Provided:

- The port districts are adjacent, and the boundaries of each district are coextensive with county boundaries.

- The port commissioners of each district vote by July 1 to approve the joint property tax levy to be collected in the following year and subsequent years.
- The joint levy rate must be the same for each participating port district.

The initial joint levy amount set by the joint taxing district is determined by adding together the highest lawful levy of each port plus increases for new construction and state assessed property for each participating port district. Each subsequent levy amount for the joint taxing district is determined by the joint taxing district's highest lawful levy plus increases for new construction and state assessed property for the entire joint taxing district.

Port districts that are jointly levying and collecting the property tax authorized for general port purposes may levy more than the levy growth limitation only if approved by a majority of voters in each port among all port districts participating in the joint property tax levy.

If the port districts cease to operate as a joint taxing district, the first separate levy for each port district may not exceed the port district's proportional share of the last joint levy plus additional increases for new construction and state assessed property.

The separate obligations of each of the port districts conducting a joint property tax levy must not be affected by the conduct of the joint levy. The separate obligation must remain the responsibility of each individual port district. Taxes and assessments for payment of the obligations must continue to be levied and each participating port district may independently approve a separate bond levy to satisfy payment of principal and interest on its own general bonded indebtedness.

Two or more port districts jointly levying property taxes is 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:**

- This legislation passes effective July 21, 2023. The first opportunity for commissioners to agree to a joint levy after the effective date of this legislation is July 1, 2024. Then voters could approve in August or November 2024.
- The first joint levy would be for the 2025 property tax year.

**DATA SOURCES:**

- 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 E 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: 03/30/2023
Leg. Committee Contact: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/29/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 03/30/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/30/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

This note is on E HB 1663 and compares it to HB 1663.

#### **CHANGES BETWEEN THIS BILL VERSION AND THE PREVIOUS VERSION:**

This version of the bill makes technical changes which clarify the process port districts must use to establish, conduct, and discontinue a joint port district property tax levy. These changes include:

Sec.1 is amended to include the approval process port district commissioners must follow to participate in a joint port district property tax levy. Sec.1 is also amended to prohibit port districts from conducting an independent property tax levy except as provided in this section. Subsection (5) is added which states that the separate obligations of each port district participating in the joint property tax levy continue to be the responsibility of each individual port district.

Sec.1 (6) is a new subsection which states that the first property tax levy conducted after a port district ceases to conduct a joint tax levy with another district must be set before the joint levy is discontinued.

These changes do not impact the fiscal impacts discussed below.

#### **SUMMARY OF CURRENT BILL:**

This legislation would provide two or more port districts an option to conduct a joint tax levy to collect property tax assessments and provides criteria for approving, conducting, and discontinuing a joint property tax levy.

### **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)  
Local Government HB 1663 fiscal note (2023)