A Resolution of the Port of Klickitat Commission

Authorizing a Proposition to Increase the Port's Regular Property Tax Levy

WHEREAS, the Port's Industrial Development District (IDD) levy of $0.355 mills expired at the end of 2012; and

WHEREAS, the Port's regular property tax levy rate has declined from $0.247 mills in 2000 to $0.171 mills in 2013; and

WHEREAS, the Port's total property tax revenue will decline from approximately $721,000 in 2012 to $237,000 in 2013 (estimated); and

WHEREAS, the Commission has determined that the tax revenue now available to the Port is insufficient to achieve the goals set forth in its strategic and capital improvement plans; and

WHEREAS, the Commission has determined that it is essential and necessary for the continued economic development of western Klickitat County that the Port secure additional funds to replace those lost due to expiration of its IDD levy in order to adequately support its general operations and capital improvement plan; and

WHEREAS, the Commission finds that, to meet the needs set forth above, it is in the best interests of the Port to submit to the qualified voters of the Port District, for their approval or rejection at the election to be held November 5, 2013, a proposition authorizing an increase to the Port's regular property tax levy for collection in 2014 by an amount greater than otherwise permitted under Chapter 84.55 Revised Code of Washington (RCW); and

WHEREAS, the proposition will authorize a maximum total regular levy rate of $0.450 mills for collection in 2014 (which is $0.071 mills below the combined 2012 levy rate) in accordance with RCW 53.36.020; and

WHEREAS, the levy lift will be limited to six (6) years beginning in 2014 and concluding at the end of 2019 as permitted under RCW 84.55.050(2)a; and

WHEREAS, during the six (6) year period the Limit Factor established in RCW 84.55.005 shall be three (3) percent as permitted under RCW 84.55.050(2)a; and

WHEREAS, levies after 2019 shall be computed as if the proposition had not been approved and levies during the six (6) year period were made at the maximum rate otherwise allowed as set forth in RCW 84.55.050(5), provided another levy lift has not been approved by the voters;

NOW, THEREFORE, BE IT RESOLVED that the Port Commission hereby authorizes its Executive Director or his/her designee to certify a copy of this resolution to the Klickitat County Auditor (the “Auditor”) no later than August 6, 2013, and to perform such other duties as may be necessary or required by law to place the proposition described herein on the ballot at the election to be held on November 5, 2013; and

Designates the District's Executive Director (Marc Thornsbury, 509-493-1655, mthornsbury@portofklickitat.com) and Legal Counsel (William Eling, 360-260-1189, elinglaw@aol.com) as the persons to receive notice of the exact language of the ballot proposition as required by RCW 29A.36.080; and
Requests that the Auditor, as ex officio supervisor of elections, call and conduct an election in the District, in the manner provided by law, to be held on the date identified herein, for the purpose of submitting to the voters of the District a proposition and explanatory statement in substantially the following forms:

**Klickitat County Port District No. 1**  
**Klickitat County, Washington**

**Proposition __**  
**Regular Property Tax Levy Lid Lift**

The Port Commission adopted Resolution 2-2013 concerning this proposition to fund all District activities authorized under Revised Code of Washington Title 53 by increasing the District's tax levy. If approved, this proposition would authorize the Port to increase its regular property tax levy rate to $0.45 per $1,000 of assessed value in 2014 and increase the levy amounts collected in each of the five succeeding years by 3%, subject to the limitations of RCW 53.36.020.

Should this proposition be: ___ Approved    ___ Rejected

**Explanatory Statement**

Proposition __ would provide added funds over a six year period for all Port District activities allowed under state law (RCW 53) including the development of industrial and recreational facilities. At present, the Port’s regular tax levy rate is approximately 17 cents per $1,000 of assessed value. This proposition would offset the tax revenue lost when the Port's additional Industrial Development District tax levy (RCW 53.25) of approximately 35 cents per $1,000 of assessed value expired at the end of 2012 by allowing the Port to raise its regular tax levy rate by 28 cents to a total of 45 cents per $1,000 of assessed value for collection in 2014. At that rate, Port taxes on property valued at $250,000 would be $112.50 in 2014. The dollar amount collected in 2014 would be used for the purpose of computing the legal limitations for subsequent levies over the following five years (through 2019) and would be capped under this proposition to increase by no more than three percent per year. After 2019, the maximum tax levy would be determined as if this proposition had not been approved (RCW 84.55.050).

**ADOPTED IN OPEN SESSION** this 2nd day of July, 2013.

**ATTEST:**

Margie Ziegler, Port Auditor

**PORT OF KLICKITAT COMMISSION**

Wayne Vinyard, President

Bill Schmitt, Vice-President

Jim Herman, Secretary
**What is the Port Proposing?**
The Port is considering whether to increase its regular tax levy rate to 45 cents per $1,000 of assessed value to partially replace the tax revenue lost with the expiration of the Port's Industrial Development District Levy at the end of 2012.

**What is a Tax Levy?**
In Washington State, special-purpose districts such as ports, schools, fire departments, and others are commonly funded through a tax levied on the assessed value of the property owned within the geographic boundaries of the district. The tax (or levy) rate is commonly expressed in cents per thousand dollars of assessed value (e.g. 20 cents per $1,000). For example, at a rate of 10 cents per $1,000, a person owning property worth $200,000 would pay $20 for that year.

**What is the Levy Lid?**
State law prohibits the amount of tax levied in any given year from exceeding the highest amount collected in the previous three years plus one percent...the levy “lid” or “cap”...except by a vote of the people (RCW 84.55.005). If a property were to increase in value from $200,000 to $250,000 and the tax rate were 10 cents per $1,000, the tax levied for the year would be limited to $20.20 (not $25.00 as one might expect). In any year in which property values grow above 1%, the tax rate is effectively decreased. In the above example, the rate is reduced from 10 cents to 8.08 cents per $1,000. Since 2000, the Port's tax rate has decreased more often and in greater numbers than it has increased (for example, up 15% in 2012, but down 35% in 2008). Over time, the effect of the levy lid has been to reduce the size, number, and/or frequency of the capital projects the Port can complete because the cost of these projects grow at inflationary rates that are often greater than 1%.

**What is a Levy Lid Lift?**
A levy lid lift increases the tax rate and is often used to address the long-term decline of a tax rate due to the levy lid described above. In the context of the Port's proposal, it would serve to replace most (but not all) of the revenue lost with expiration of the IDD levy in 2012.

**What was the Industrial Development District (IDD) Levy?**
Washington State law allows port districts to establish a very limited, short-term Industrial Development District levy (RCW 53.36.100). The Port Commission established an IDD levy in 2007 to help service existing Port debt and fund projects desired by the public (including the construction of buildings for lease to Insitu). In 2012, the Port received a total of $491,401 in IDD taxes. Because this levy expired at the end of 2012, the Port no longer receives these funds.

**How Much Port Tax Did I Pay Before?**
In 2012, the Port's combined tax rate equaled 52.129 cents per $1,000 of assessed value. A person owning property with an assessed value of $250,000 paid $130.32 in port tax.

**How Much Port Tax Do I Pay Now?**
The Port's tax rate for 2013 equals 17.103 cents per $1,000 of assessed value. A person owning property with an assessed value of $250,000 will pay $42.76 in port tax. The Port will receive approximately $235,000 in total tax revenue in 2013.
HOW MUCH PORT TAX WOULD I PAY WITH THE NEW RATE?
If the levy lid lift is approved by the voters, the tax rate for 2014 would equal 45 cents per $1,000 of assessed value. A person owning property with an assessed value of $250,000 would pay $112.50 ($69.74 more than in 2013 and $17.82 less than in 2012).

HOW DOES THAT COMPARE TO OTHER DISTRICTS?
Tax rates vary from district to district. The Port's current (2013) tax rate is the second lowest as shown in the following table. The proposed levy lid lift would raise the rate to 45 cents per $1,000 of assessed value, making it the fourth lowest (five cents below the Library tax rate and less than three cents above the next two lowest tax rates).

<table>
<thead>
<tr>
<th>District</th>
<th>Rate per $1,000 of Assessed Value*</th>
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<tbody>
<tr>
<td>White Salmon School District (combined)</td>
<td>$2.7146</td>
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<tr>
<td>Klickitat County (combined)</td>
<td>$2.5816</td>
</tr>
<tr>
<td>Trout Lake School District</td>
<td>$2.5613</td>
</tr>
<tr>
<td>Klickitat School District</td>
<td>$2.0941</td>
</tr>
<tr>
<td>City of Bingen</td>
<td>$2.0809</td>
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<tr>
<td>Glenwood School District</td>
<td>$1.7234</td>
</tr>
<tr>
<td>City of White Salmon (combined)</td>
<td>$1.7158</td>
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<tr>
<td>Lyle School District</td>
<td>$1.3182</td>
</tr>
<tr>
<td>Fire District No. 12 – Klickitat</td>
<td>$0.7781</td>
</tr>
<tr>
<td>Fire District No. 3 – Husum</td>
<td>$0.7741</td>
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<tr>
<td>Fire District No. 4 – Lyle</td>
<td>$0.7312</td>
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<tr>
<td>Fire District No. 8 – Glenwood</td>
<td>$0.7000</td>
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<tr>
<td>Fire District No. 15 – Wahkiacus</td>
<td>$0.6940</td>
</tr>
<tr>
<td>Hospital District No. 2 (combined)</td>
<td>$0.6758</td>
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<tr>
<td>Fire District No. 13 – Appleton</td>
<td>$0.5839</td>
</tr>
<tr>
<td>Fire District No. 6 – Dallesport (combined)</td>
<td>$0.5826</td>
</tr>
<tr>
<td>Library District</td>
<td>$0.5000</td>
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<tr>
<td><strong>Port District – Proposed</strong></td>
<td><strong>$0.4500</strong></td>
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<tr>
<td>Fire District No. 14 – High Prairie</td>
<td>$0.4371</td>
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<tr>
<td>Fire District No. 1 – Trout Lake</td>
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<tr>
<td><strong>Port District – Current</strong></td>
<td><strong>$0.1710</strong></td>
</tr>
<tr>
<td>Cemetery District No. 1</td>
<td>$0.0085</td>
</tr>
</tbody>
</table>

* Figures are for 2013 and rounded to four decimals. Tax rates are listed highest to lowest.

WHERE DO MY PORT TAX DOLLARS GO?
All tax monies received by the Port are, and will continue to be, used for various capital improvements including the development of new infrastructure (e.g. roads, water and sewer mains, etc.), facilities (e.g. buildings, docks, etc.), and amenities (e.g. parks, paths, etc.) and for the repair and improvement of those already constructed. The operating and administrative costs of the Port are funded by a portion of its lease and other operating revenues received by the Port with the remainder used for the type of capital projects noted above. Tax-payer funds have been most
recently used to prepare industrial property for development, make improvements to several older Port-owned buildings, conduct an environmental cleanup, improve and extend the utilities serving Port properties, and construct nearly 40,000 square feet of industrial space.

**Would the New Rate Be Permanent?**

No. The levy lid lift would be in effect for six years (from 2014 through 2019) and would expire at the end of that time unless another lift was approved by the voters in 2018.

**Why Does the Port Need This Money?**

As outlined in its strategic plan, the Port has a number of long-term projects that will require substantial funding over the next twenty years to complete. These include constructing a new parking area at Marina Park, developing an incubator building at Dallesport, leveling and extending utilities to 26 acres at Bingen Point, constructing a marina at Bingen Harbor, handling stormwater at Dallesport, leveling and extending utilities to 57 acres at Dallesport, constructing improvements at Sailboard Park, improving the Dallesport Industrial Park Water System, completing the Maple Street-Bingen Point Way linkage, constructing improvements to the barge terminal at Dallesport, and other projects that promote economic development and provide the infrastructure and facilities necessary to attract outside companies, encourage the development of new firms, and support the expansion of existing establishments.

**What If the Levy Lid Lift Fails?**

The Port Commission will continue to operate under its current budget constraints. The capital improvements planned will still be completed, but it will take longer to do so. Future and uncompleted projects will remain scaled back, delayed, or postponed without the additional funding. In addition, non-revenue-generating projects will be largely suspended to preserve funds for improvements that will result in future income streams.