

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).

District	Rate per \$1,000 of Assessed Value*
White Salmon School District (combined)	\$2.7146
Klickitat County (combined)	\$2.5816
Trout Lake School District	\$2.5613
Klickitat School District	\$2.0941
City of Bingen	\$2.0809
Glenwood School District	\$1.7234
City of White Salmon (combined)	\$1.7158
Lyle School District	\$1.3182
Fire District No. 12 – Klickitat	\$0.7781
Fire District No. 3 – Husum	\$0.7741
Fire District No. 4 – Lyle	\$0.7312
Fire District No. 8 – Glenwood	\$0.7000
Fire District No. 15 – Wahkiacus	\$0.6940
Hospital District No. 2 (combined)	\$0.6758
Fire District No. 13 – Appleton	\$0.5839
Fire District No. 6 – Dallesport (combined)	\$0.5826
Library District	\$0.5000
Port District – Proposed	\$0.4500
Fire District No. 14 – High Prairie	\$0.4371
Fire District No. 1 – Trout Lake	\$0.4234
Port District – Current	\$0.1710
Cemetery District No. 1	\$0.0085

* 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.