



Port of Klickitat

Levy Lid Lift Fact Sheet

April 20, 2012

WHAT IS THE PORT PROPOSING?

The Port is considering whether to allow its Industrial Development District (IDD) levy to expire and increase its regular tax levy by the same amount.

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 rate is commonly expressed in cents per thousand dollars of assessed value (e.g. 20 cents per \$1,000). At a rate of 10 cents per \$1,000, a person owning property worth \$200,000 would pay \$20 for that year. In 2011, the Port received a total of \$225,812 in regular taxes.

WHAT IS AN INDUSTRIAL DEVELOPMENT DISTRICT (IDD) LEVY?

Washington State law allows port districts to establish an Industrial Development District (RCW 53.25.040) and a limited, short-term IDD levy (RCW 53.36.100). The IDD levy is intended to be a temporary funding mechanism, not a replacement for a port's regular tax levy or a long-term source of funds. The Port Commission established the IDD levy in 2007 to help service existing Port debt and fund additional projects desired by the public (including the construction of buildings for lease to Insitu). In 2011, the Port received a total of \$482,667 in IDD taxes.

HOW MUCH TAX DO I PAY TO THE PORT NOW?

The Port's regular tax levy for 2012 is 16.614895 cents per \$1,000 of assessed value and its IDD levy for 2012 is 35.513941 cents per \$1,000 of assessed value. Combined, they equal 52.128836 cents per \$1,000 of assessed value. This means a person owning property with an assessed value of \$250,000 located in the Port District will pay a total of \$130.32 in port tax this year.

WHY IS THE IDD LEVY SO MUCH HIGHER?

State law requires that the amount of tax levied in any given year cannot exceed the amount paid the previous year plus one percent (RCW 84.55.005). Thus, if a property were to increase in value from \$200,000 to \$250,000 and the levy rate were 10 cents per \$1,000, the tax paid for the year would be limited to \$20.20 (not \$25.00 as one might expect). As a result, in any year in which property values grow above 1%, the levy rate is effectively decreased. Because the IDD levy was only recently instituted, the effect of the 1% cap is less pronounced than it is for the regular levy (though it is still evident in the decline of the IDD levy rate from 45 cents per \$1,000 of assessed value in 2007 to just over 35 cents per \$1,000 of assessed value today—a 21% decrease).

HOW DOES THAT COMPARE TO OTHER DISTRICTS?

The levy rate for some districts is lower while for others it is higher. In general, the Port's total combined levy rate ranks at or below the lowest quartile rate as illustrated in the table below. The Port's combined levy rate is just eight cents above the lowest levy rate (excluding the cemetery district).

District	Rate per \$1,000 of Assessed Value*
Trout Lake School District	\$2.8310
White Salmon School District (combined)	\$2.7048
Lyle School District (combined)	\$2.6846
Klickitat County (combined)	\$2.5060
Klickitat School District	\$2.3627
Glenwood School District	\$2.3416
City of Bingen	\$2.0101
City of White Salmon (combined)	\$1.4053
Fire District No. 12 – Klickitat	\$0.8050
Fire District No. 15 – Wahkiacus	\$0.7609
Fire District No. 4 – Lyle	\$0.7457
Fire District No. 3 – Husum	\$0.7394
Fire District No. 8 – Glenwood	\$0.6925
Hospital District No. 2 (combined)	\$0.6562
Fire District No. 13 – Appleton	\$0.6167
Fire District No. 6 – Dallesport (combined)	\$0.5776
Port District (combined)	\$0.5213
Library District	\$0.5000
Fire District No. 1 – Trout Lake	\$0.4400
Fire District No. 14 – High Prairie	\$0.4395
Cemetery District No. 1	\$0.0081

* Figures rounded to four decimals places. Levies are listed from highest to lowest rate.

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 levy rate due to the 1% limitation described above. In the context of the Port's proposal, it would serve to replace the lost revenue from the expired IDD levy.

WOULD I HAVE TO PAY MORE THAN I DID LAST YEAR?

No. In fact, residents would pay a little less in 2013 than they will in 2012. If you own property located in the Port District with an assessed value of \$250,000, your total Port tax for 2012 will be approximately \$130.32. Under the Port's proposal, your total Port tax for 2013 would be approximately \$126.25 (a reduction of just over three percent).

WHERE DO MY PORT TAX DOLLARS GO?

All tax dollars received by the Port are used to build new infrastructure (e.g. roads, water and sewer mains, etc.), facilities (e.g. buildings, docks, etc.), and amenities (parks, paths, etc.) and to maintain, repair, and improve 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 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.

WHY DID THE PORT PUBLISH A NOTICE TO RENEW THE IDD LEVY?

In the event voters do not approve the levy lid lift, the Port Commission will seek to renew the current IDD levy.

IS THIS JUST A WAY TO TAX ME TWICE?

No. The Port Commission will **not** renew the IDD levy unless the levy lid lift is not approved by the voters. If the levy lid lift is passed, the Port Commission will not renew the IDD levy and, instead, allow it to expire at the end of 2012 before the new levy rate takes effect.

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. Among others, these include performing significant repairs to the water reservoir at Dallesport, paving Marina Park, constructing an incubator building at Dallesport, leveling and extending utilities to 30 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, realigning Marina Way to better serve non-Port properties to the east, and supporting the development and expansion of local companies (such as Custom Interface and Insitu).

WHAT IF THE LEVY LID LIFT FAILS?

The Port Commission will seek to renew the IDD levy and use those funds to complete as many of its strategic capital projects as possible until the funds are exhausted. Once the IDD levy has been fully consumed and the funds utilized, future and uncompleted projects will be scaled back, delayed, or postponed indefinitely in order to accommodate the resulting reduction in Port funds. The loss of these funds would be compounded by the loss of state and other matching funds that could have been paired with them for Port projects. Since 1992, the Port has received over one dollar in non-Port grant funds for every dollar it has spent on major capital projects, effectively doubling the buying power of its tax revenue.

WHY NOT LEAVE EVERYTHING JUST LIKE IT IS?

Current restrictions on the way in which an IDD levy may be implemented limit its usefulness and flexibility, effectively rendering it an “all or nothing” option. However, legislative changes have been proposed that could significantly improve the usefulness of this tool in the future. By taking this step now, the Port can hold the remaining portion of this funding mechanism in reserve so it could be used at some future date when the added flexibility would make it more effective and of greater value to the Port and its constituents.