

# SENATE BILL REPORT

## HB 2501

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As Reported By Senate Committee On:  
Government Operations, February 23, 1996

**Title:** An act relating to public loans to port districts.

**Brief Description:** Concerning the indebtedness of a port district.

**Sponsors:** Representative Pennington.

**Brief History:**

**Committee Activity:** Government Operations: 2/23/96 [DP, DNP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** Do pass.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Goings, Hale, McCaslin and Winsley.

**Minority Report:** Do not pass.

Signed by Senator Heavey.

**Staff:** Eugene Green (786-7405)

**Background:** Port districts are authorized to develop a variety of facilities and services, primarily related to transportation and economic development. These activities are financed through fees for services, fees for the use of port land and facilities, property tax levies, and municipal bonds.

There are limitations on the amount of indebtedness a port district may incur. There is both a constitutional debt limit and the more restrictive statutory debt limits.

Port districts, along with other municipal corporations, are also authorized to enter into loan agreements with state or federal agencies. One of the more common state loan programs available to port districts is the Community Economic Revitalization Board (CERB) Loans.

The state law authorizing port districts to enter into loan agreements has caused some confusion as to whether the loan agreements are subject to the statutory debt limits. The statutory debt limits for port districts are found in two chapters of the Revised Code of Washington. Most debt limits for taxing districts, including port districts, are set forth in Title 39 RCW. Port districts have a separate additional debt limitation in Title 53 RCW.

The authorization for loan agreements expressly states that the loans were not included in the debt limit under Title 39 RCW, but it did not provide a similar exemption under Title 53 RCW.

**Summary of Bill:** It is clarified that the amount of a loan from an agency of the state of Washington is excluded from the computation of indebtedness of the municipal corporation.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This just clarifies an oversight in the law. It is very important for the smaller port districts.

**Testimony Against:** None.

**Testified:** Heidi Pehl, Port of Cehalis (pro).