

1 facilities investment, global marketing, and operational management
2 generate operating efficiencies and economies of scale that provide the
3 best value to taxpayers. It is the intent of the legislature that a
4 Puget Sound port authority meet and exceed the operational productivity
5 and financial performance metrics of global and domestic peer ports.

6 **PART II**

7 **PUGET SOUND PORT AUTHORITY**

8 NEW SECTION. **Sec. 201.** FORMATION. A port district located in a
9 county with a population of one million five hundred thousand persons
10 or more and any port district located in an adjoining county with a
11 population of over five hundred thousand persons must establish the
12 Puget Sound port authority within one year of the effective date of
13 this section.

14 NEW SECTION. **Sec. 202.** GOVERNANCE. (1) A board of commissioners
15 consisting of eleven nonpartisan commissioners must govern the Puget
16 Sound port authority.

17 (2) Commissioners are elected and apportioned as follows:

18 (a) Six commissioners apportioned to six geographical districts and
19 elected on a nonpartisan basis. Each commissioner representing a
20 district must be a registered voter residing within that district.
21 Initial apportionment and establishment of district lines must be
22 determined by the county auditors located within the authority within
23 thirty days of the formation of the Puget Sound port authority
24 according to the requirements in (c) of this subsection. Subsequent
25 reapportionment and drawing of district lines must be conducted by the
26 county auditors located within the authority;

27 (b) Five commissioners appointed by the governor with the consent
28 of the senate. The governor's appointments shall include individuals
29 who have relevant expertise in international trade, marketing, freight
30 transportation design, construction, operation, and maintenance; and

31 (c) At least two districts must be located primarily in each
32 county. Each district must contain a population, excluding nonresident
33 military personnel, as equal as practicable to the population of any
34 other district. To a reasonable extent, each district must contain
35 contiguous territory, be compact, and be convenient.

1 (3) Commissioners, including those appointed by the governor, shall
2 serve six-year terms of office, except that two of the initially
3 elected commissioners representing a district shall serve a two-year
4 term of office and two of the initially elected commissioners
5 representing a district shall serve four-year terms. The governor
6 shall designate which districts have commissioners that serve two-year,
7 four-year, and six-year terms. The first election for commissioners
8 must be held at the general election following the formation of the
9 Puget Sound port authority, consistent with Title 29A RCW.

10 (4) The commissioners shall: Organize, by the election of its own
11 members, a president and secretary; by resolution, adopt rules
12 governing the transaction of its business; and adopt an official seal.
13 Only an elected commissioner may serve as president or secretary. All
14 proceedings of the Puget Sound port authority commission shall be by
15 motion or resolution recorded in a book or books kept for such purpose,
16 which shall be public records.

17 (5) Vacancies in positions appointed by the governor must be filled
18 by appointment of the governor. Vacancies in elected positions must be
19 filled by a person approved by a majority of the remaining
20 commissioners who shall serve until the vacancy is filled at the next
21 general election held more than one hundred eighty days after the date
22 the vacancy is filled on an interim basis. The person appointed to
23 fill a vacancy shall serve for the remainder of the unexpired term of
24 the office to which he or she was appointed.

25 (6) If a commissioner is appointed by the governor, the governor
26 may only reappoint a commissioner to one additional six-year term of
27 office.

28 NEW SECTION. **Sec. 203.** POWERS AND PURPOSES. A Puget Sound port
29 authority is hereby granted all powers and purposes consistent with
30 those in this title as now or hereafter amended.

31 NEW SECTION. **Sec. 204.** DISSOLUTION OF PORT DISTRICTS WITHIN THE
32 PUGET SOUND PORT AUTHORITY. After establishment of the Puget Sound
33 port authority under section 201 of this act, any port district located
34 within the boundaries of the Puget Sound port authority shall be
35 dissolved pursuant to the applicable provisions of chapter 53.47 RCW.

1 **Sec. 205.** RCW 53.47.020 and 1971 ex.s. c 162 s 2 are each amended
2 to read as follows:

3 A port district shall be deemed inactive if, at the time of the
4 filing of the petition for dissolution with the clerk of the superior
5 court of the county in which such port district is situated, such port
6 has failed to comply with ~~((subdivision))~~ subsection (1), (2), ~~((or))~~
7 (3), or (4) of this section.

8 (1) The port district has failed to file its budget with the board
9 of county commissioners or, in the case of home rule charters, the
10 appropriate governing body for the two fiscal years immediately
11 preceding the date of filing such petition, and the port district,
12 having been in existence for two years or more, has failed to adopt its
13 comprehensive plan of harbor improvement and/or industrial development
14 as provided by statute, and does not presently own or has not leased
15 within two years prior to the filing of such petition, real property
16 for use for port purposes.

17 (2) The port district does not presently own or has not leased or
18 owned real property for use for port purposes within the four calendar
19 years prior to the filing of such petition.

20 (3) The port district has not filed its budget with the board of
21 county commissioners or, in the case of home rule charters, the
22 appropriate governing body for the two fiscal years immediately
23 preceding the filing of said petition has not adopted its comprehensive
24 plan of harbor improvement and/or industrial development as provided by
25 statute, and has not met with a legal quorum at least twice in the last
26 two calendar years prior to the filing of such petition.

27 (4) The port district is located within the boundaries of the Puget
28 Sound port authority established under section 201 of this act.

29 NEW SECTION. **Sec. 206.** COMMISSIONER COMPENSATION. Each
30 commissioner shall receive an annual salary equal to the annual salary
31 of a county councilmember located in a county with a population of one
32 million five hundred thousand persons or more. A commissioner may
33 waive all or a portion of his or her compensation under this section
34 during his or her term of office, by a written waiver filed with the
35 secretary of the commission.

1 NEW SECTION. **Sec. 207.** CONSOLIDATION OF OVERSEAS OFFICES. A
2 Puget Sound port authority shall coordinate with the overseas trade
3 offices within the department of community, trade, and economic
4 development and establish a plan to consolidate trade offices with the
5 Puget Sound port authority.

6 NEW SECTION. **Sec. 208.** REPORT TO THE GOVERNOR AND LEGISLATURE.
7 Within one year of the effective date of this section, the Puget Sound
8 port authority shall submit to the governor and legislature a plan
9 detailing how the authority will significantly enhance Washington
10 state's global marine, air, and rail freight transportation
11 competitiveness with other global and domestic ports and increase
12 international trade commerce providing broad economic benefits to the
13 citizens of the state. The plan shall include, but is not limited to,
14 the following elements:

15 (1) An integrated and consolidated management and operations
16 reorganization plan to be implemented in a phased manner over five
17 years. The management and operations reorganization plan must include
18 specific actions and clearly measurable fiscal metrics;

19 (2) How the authority will maximize and expand freight
20 transportation capital facilities to significantly increase global
21 marine, air, and rail freight transportation infrastructure capacity,
22 including a fifty-year investment funding plan to support such
23 investments. The authority must include the evaluation and application
24 of environmental technologies and practices to mitigate potential
25 adverse impacts. The joint legislative audit and review committee and
26 the Puget Sound port authority shall jointly collaborate to develop
27 performance metrics to assess capital facilities utilization and
28 productivity;

29 (3) A strategic global marketing plan to increase global and
30 domestic market share for North American markets for both inbound and
31 outbound global freight transportation traffic volume and commodity
32 dollar value, including clearly identifiable targeted markets and
33 market penetration performance goals and metrics;

34 (4) The capital facilities investment plan and the strategic global
35 marketing plan shall identify and take into consideration existing
36 global freight transportation and marketing assets located in

1 Washington and located across the greater binational Pacific Northwest
2 economic region including, but not limited to, collaboration with the
3 port authorities of the Canadian province of British Columbia.

4 **PART III**
5 **FINANCES**

6 NEW SECTION. **Sec. 301.** TREASURER. (1) A Puget Sound port
7 authority, by resolution, shall designate a person with experience in
8 financial or fiscal matters as treasurer of the authority. The
9 commission may designate the treasurer of any county within which the
10 authority is located to act as its treasurer. The designated treasurer
11 has all of the powers, responsibilities, and duties the county
12 treasurer has related to investing surplus funds. The authority shall
13 require a bond with a surety company authorized to do business in this
14 state in an amount and under the terms and conditions the authority, by
15 resolution, from time to time finds will protect the authority against
16 loss. The authority shall pay the premium on the bond.

17 (2) If the treasurer of the authority is also the treasurer of a
18 county, all authority funds must be deposited with a county depository
19 under the same restrictions, contracts, and security as provided for
20 county depositories. If the treasurer of the authority is not the
21 treasurer of a county, all funds must be deposited in a bank or banks
22 that are authorized to do business in this state and are qualified for
23 insured deposits under any federal deposit insurance act as the
24 authority, by resolution, designates, or funds shall be invested in
25 legal investments for counties.

26 (3) The authority may provide and require a reasonable bond of any
27 other person handling money or securities of the authority, but the
28 authority shall pay the premium on the bond.

29 NEW SECTION. **Sec. 302.** TAX LEVY--LIMITATION. The Puget Sound
30 port authority may raise revenue by levy of an annual tax not to exceed
31 forty-five cents per thousand dollars of assessed value against the
32 assessed valuation of the taxable property in the authority boundaries.
33 Any levy collected under this section shall be used solely for capital
34 improvements and no levy revenue may be used for operations of the

1 authority. The levy shall be made and taxes collected in the manner
2 provided for the levy and collection of taxes in school districts of
3 the first class.

4 NEW SECTION. **Sec. 303.** PAYMENT OF CLAIMS--USE OF WARRANTS AND
5 CHECKS. The Puget Sound port authority that acts as its own treasurer
6 as provided in section 301 of this act may by resolution adopt a policy
7 for the payment of claims or other obligations of the authority, which
8 are payable out of solvent funds, electing either to pay obligations by
9 warrant or by check. However, no check shall be issued when the
10 applicable fund is not solvent at the time payment is ordered, but a
11 warrant shall be issued instead. When checks are to be used, the
12 commission shall designate the qualified public depository where checks
13 are to be drawn, and the officers authorized or required to sign
14 checks. Wherever in this title reference is made to warrants, the term
15 includes checks authorized by this section.

16 NEW SECTION. **Sec. 304.** INDEBTEDNESS--LIMITATION. (1) The Puget
17 Sound port authority may at any time contract indebtedness or borrow
18 money for authority purposes and may issue general obligation bonds
19 therefor not exceeding an amount, together with any existing
20 indebtedness of the authority not authorized by the voters, of one-
21 fourth of one percent of the value of the taxable property in the
22 district.

23 (2) With the assent of three-fifths of the voters voting thereon at
24 a general or special port authority election called for that purpose,
25 the Puget Sound port authority may contract indebtedness or borrow
26 money for authority purposes and may issue general obligation bonds
27 therefor provided the total indebtedness of the authority at any such
28 time shall not exceed three-fourths of one percent of the value of the
29 taxable property in the authority.

30 (3) Any port district may issue general district bonds evidencing
31 any indebtedness, payable at any time not exceeding fifty years from
32 the date of the bonds. Any contract for indebtedness or borrowed money
33 authorized by RCW 53.36.030(1)(b) shall not exceed twenty-five years.
34 The bonds shall be issued and sold in accordance with chapter 39.46
35 RCW.

1 (4) Elections required under this section shall be held as provided
2 in RCW 39.36.050.

3 (5) This section does not apply to a loan made under a loan
4 agreement under chapter 39.69 RCW, and a computation of indebtedness
5 under this chapter must exclude the amount of a loan under such a loan
6 agreement.

7 NEW SECTION. **Sec. 305.** (1) The Puget Sound port authority is
8 hereby authorized, prior to the receipt of taxes raised by levy, to
9 borrow money or issue the warrants of the authority in anticipation of
10 the revenues to be derived by such authority and such warrants shall be
11 redeemed from the first money available from such taxes when collected.
12 Such warrants may be in any form, including bearer warrants or
13 registered warrants as provided in RCW 39.46.030.

14 (2) Notwithstanding subsection (1) of this section, such warrants
15 may be issued and sold in accordance with chapter 39.46 RCW.

16 NEW SECTION. **Sec. 306.** The designated treasurer acting as Puget
17 Sound port authority treasurer shall create a fund to be known as the
18 "Puget Sound port authority fund," into which shall be paid all money
19 received by him or her from the collection of taxes in behalf of such
20 port authority, and shall also maintain such other special funds as may
21 be created by the commission into which shall be placed such moneys as
22 the commission may by its resolution direct. All such port authority
23 funds shall be deposited with the county depositories under the same
24 restrictions, contracts, and security as is provided by statute for
25 county depositories and all interest collected on such port authority
26 funds shall belong to the Puget Sound port authority and shall be
27 deposited to its credit in the proper authority funds: PROVIDED, That
28 any portion of such authority moneys determined by the commission to be
29 in excess of the current needs of the authority may be invested by the
30 county treasurer in accordance with RCW 36.29.020 and 36.29.022 and
31 chapter 39.59 RCW, and all interest collected thereon shall likewise
32 belong to the authority and shall be deposited to its credit in the
33 proper authority funds.

34 NEW SECTION. **Sec. 307.** The commission of the Puget Sound port
35 authority may, by resolution, create an incidental expense fund in such

1 amount as the commission may direct. Such incidental expense fund may
2 be kept and maintained in a bank or banks designated in the resolution
3 creating the fund, and such depository shall be required to give bonds
4 or securities to the authority for the protection of such incidental
5 expense fund, in the full amount of the fund authorized by the
6 resolution. Vouchers shall be drawn to reimburse said incidental
7 expense fund and such vouchers shall be approved by the commission.
8 Transient labor, freight, express, cartage, postage, petty supplies,
9 and minor expenses of the authority may be paid from said incidental
10 expense fund and all such disbursements therefrom shall be by check of
11 the authority auditor or such other officer as the commission shall by
12 resolution direct. All expenditures from said incidental expense fund
13 shall be covered by vouchers drawn by the authority auditor and
14 approved by the manager or such other officer of the authority as the
15 commission may by resolution direct. The officer disbursing said fund
16 shall be required to give bond to the authority in the full authorized
17 amount of the incidental expense fund for the faithful performance of
18 his or her duties in connection with the disbursement of moneys from
19 such fund.

20 **PART IV**

21 **CERTIFICATION & PERMITTING & TAXATION**

22 NEW SECTION. **Sec. 401.** A new section is added to chapter 53.36
23 RCW to read as follows:

24 (1)(a) Each port district or a port authority created under chapter
25 53.--- RCW (the new chapter created in section 502 of this act) with
26 annual property tax collections of one million dollars or greater must
27 annually transfer seven percent of its gross operating revenues,
28 excluding revenues derived from any property tax levy, to school
29 districts as provided by this section.

30 (b) For the purposes of this section, "gross operating revenues"
31 has the same meaning as defined by RCW 53.12.005.

32 (2)(a) A school district is eligible to receive the transferred
33 funds as provided by this section if the school district includes
34 within its jurisdiction, territory that is also within the jurisdiction
35 of the port district or a port authority created under chapter 53.---
36 RCW (the new chapter created in section 502 of this act).

1 (b) The amount of funds an eligible school district may receive
2 from a port district must be proportionate and must be determined by:

3 (i) The total number of school district pupils that reside within
4 the jurisdiction of the port district or a port authority created under
5 chapter 53.--- RCW (the new chapter created in section 502 of this
6 act); and

7 (ii) The total number of school district pupils that reside within
8 the jurisdiction of the port district or a port authority created under
9 chapter 53.--- RCW (the new chapter created in section 502 of this act)
10 from each school district.

11 NEW SECTION. **Sec. 402.** For the purposes of this chapter, "port
12 authority" means the Puget Sound port authority created under chapter
13 53.--- RCW (the new chapter created in section 502 of this act).

14 NEW SECTION. **Sec. 403.** (1) The department of ecology and the
15 department of fish and wildlife must, for port district or port
16 authority property and railway corridors as provided by section 406 of
17 this act, delegate, to the maximum extent consistent with federal law,
18 all environmental permitting authority currently exercised by these
19 agencies, including, but not limited to, chapters 90.48, 90.58, and
20 77.55 RCW, to each port district or port authority. The department of
21 ecology and the department of fish and wildlife must delegate authority
22 by certifying port commissions to self-permit with regard to all state
23 environmental permits currently issued, approved, or consulted upon by
24 the department of ecology and the department of fish and wildlife.

25 (2) As part of a port district's or port authority's self-
26 permitting process, a port commission must, before issuing the final
27 permit for a project on port district property or a railway corridor as
28 provided by section 406 of this act, send a draft copy of the permit to
29 both the department of ecology and the department of fish and wildlife
30 for review and comment. The departments of ecology and fish and
31 wildlife must limit their comments to whether the port commission has
32 complied with the environmental standards the departments are otherwise
33 required to enforce when exercising permitting authority for projects
34 not on port district property, port authority property, or a railway
35 corridor as provided by section 406 of this act. The departments of

1 ecology and fish and wildlife have thirty days to review and comment on
2 the draft permit.

3 NEW SECTION. **Sec. 404.** (1) Upon the certification provided for by
4 section 403 of this act, port districts and port authorities are exempt
5 from obtaining any permit issued by a county, city, or town, regarding
6 projects conducted on port district property, port authority property,
7 or a railway corridor as provided by section 406 of this act, but not
8 limited to, any permit issued under chapter 90.58 RCW, any permit
9 related to regulation of critical areas under chapter 36.70A RCW, and
10 any permit required for filling, grading, building, or construction, or
11 any other permit required for a project that would otherwise be issued
12 under a local ordinance meeting the definition of a development
13 regulation under chapter 35.63, 35A.63, 36.70, 36.70A, or 36.70B RCW.
14 Nothing in this section may be construed as discouraging full and
15 appropriate cooperation and consultation between port districts or a
16 port authority and local governments for projects conducted on port
17 district property or a railway corridor as provided by section 406 of
18 this act.

19 (2) For projects subject to the provisions of chapter 43.21C RCW,
20 the port district must serve as the lead entity for all review required
21 under chapter 43.21C RCW. Nothing in this section may be construed as
22 limiting the ability of local governments to participate in the process
23 as provided for in chapter 43.21C RCW.

24 (3) In addition to local government participation in the process
25 provided for in chapter 43.21C RCW, and as part of the self-permitting
26 process set forth in this chapter, the port district or port authority
27 must, before issuing the final permit for a project on port district
28 property, port authority property, or a railway corridor as provided by
29 section 406 of this act, send a draft copy of the permit to each local
30 government in whose jurisdiction the project is being constructed for
31 review and comment. Each local government has thirty days to review
32 and comment on the draft permit.

33 NEW SECTION. **Sec. 405.** The department of ecology and the
34 department of fish and wildlife may conduct inspections of projects
35 conducted on port district property, port authority property, or a
36 railway corridor as provided by section 406 of this act where a port

1 district has issued permits under authority delegated by the department
2 of ecology or the department of fish and wildlife. If an inspector
3 from the department of ecology or the department of fish and wildlife
4 discovers an example of substantial noncompliance with the
5 environmental standards the departments are otherwise required to
6 enforce when exercising permitting authority for projects not on port
7 district property, port authority property, or a railway corridor as
8 provided by section 406 of this act, the inspector must document that
9 example and issue a detailed report of that example, which must be
10 transmitted to the port district or port authority that issued the
11 permits. The port district or port authority may issue a formal
12 response to the report addressing whether it believes that the port
13 district, its tenants, or a railway company as provided by section 406
14 of this act failed to substantially comply with the environmental
15 standards the departments are otherwise required to enforce when
16 exercising permitting authority for projects not on port district or
17 port authority property.

18 NEW SECTION. **Sec. 406.** (1) Any port district or port authority
19 may, at the request of a railroad company operating a class I railroad
20 in the state of Washington, serve as the permitting authority for any
21 mainline railway infrastructure project conducted in a railway
22 corridor.

23 (2) Any port district or port authority acting as a permitting
24 authority for any qualifying project in a railway corridor must comply
25 with the requirements of sections 403 through 405 of this act that are
26 otherwise required for projects conducted on port district or port
27 authority property.

28 NEW SECTION. **Sec. 407.** A new section is added to chapter 77.55
29 RCW to read as follows:

30 Where the department of fish and wildlife has delegated hydraulic
31 project permit approval authority contained in this chapter to port
32 districts under chapter 53.--- RCW (the new chapter created in section
33 503 of this act) or the Puget Sound port authority created under
34 chapter 53.--- RCW (the new chapter created in section 502 of this
35 act), port districts or the port authority will be substituted for the
36 department of fish and wildlife in an appeal of the approval of a

1 permit concerning a hydraulic project that is on port district property
2 or a railway corridor as provided by section 406 of this act. The
3 appeal process for the permits issued by a port district or port
4 authority under authority delegated by the department of fish and
5 wildlife will operate in the same manner as for permits granted by the
6 department of fish and wildlife under this chapter.

7 NEW SECTION. **Sec. 408.** A new section is added to chapter 82.04
8 RCW to read as follows:

9 (1) This chapter does not apply to a port located business.

10 (2) Any person maintaining places of business both on and off port
11 district property that contribute to the business activity must, for
12 the purpose of computing this tax exemption, apportion to this
13 exemption that portion of gross income which is derived from activities
14 rendered from the business location located on port district or port
15 authority property.

16 (3) Where the apportionment cannot be accurately made by separate
17 accounting methods, the taxpayer must apportion to this exemption that
18 proportion of total income which the cost of doing business on the port
19 property bears to the total cost of doing business within the state.

20 (4) For the purposes of this section:

21 (a) "Port located business" means a business whose place of
22 business is located on property owned by a port district or port
23 authority and rented or leased to the business. A port located
24 business includes a port district or port authority.

25 (b) "Port authority" means the Puget Sound port authority created
26 under chapter 53.--- RCW (the new chapter created in section 502 of
27 this act).

28 NEW SECTION. **Sec. 409.** A new section is added to chapter 82.08
29 RCW to read as follows:

30 (1) The tax levied by RCW 82.08.020 does not apply to sales of
31 tangible personal property or services to a port located business when
32 the tangible personal property or services are used exclusively at the
33 business's location on port owned property.

34 (2) For the purposes of this section:

35 (a) "Port located business" has the same meaning as provided in
36 section 408 of this act.

1 (b) "Port authority" means the Puget Sound port authority created
2 under chapter 53.--- RCW (the new chapter created in section 502 of
3 this act).

4 NEW SECTION. **Sec. 410.** A new section is added to chapter 82.12
5 RCW to read as follows:

6 (1) The provisions of this chapter do not apply to the use of
7 tangible personal property or services by a port located business when
8 the tangible personal property or services are used exclusively at the
9 business's location on port owned property.

10 (2) For the purposes of this section:

11 (a) "Port located business" has the same meaning as provided in
12 section 408 of this act.

13 (b) "Port authority" means the Puget Sound port authority created
14 under chapter 53.--- RCW (the new chapter created in section 502 of
15 this act).

16 NEW SECTION. **Sec. 411.** A new section is added to chapter 82.16
17 RCW to read as follows:

18 (1) The provisions of this chapter do not apply to amounts received
19 from sales to port located businesses.

20 (2) For the purposes of this section:

21 (a) "Port located business" has the same meaning as provided in
22 section 408 of this act.

23 (b) "Port authority" means the Puget Sound port authority created
24 under chapter 53.--- RCW (the new chapter created in section 502 of
25 this act).

26 NEW SECTION. **Sec. 412.** A new section is added to chapter 35.21
27 RCW to read as follows:

28 (1) A city or town may not impose a tax on amounts received by a
29 port located business.

30 (2) For the purposes of this section:

31 (a) "Port located business" has the same meaning as provided in
32 section 408 of this act.

33 (b) "Port authority" means the Puget Sound port authority created
34 under chapter 53.--- RCW (the new chapter created in section 502 of
35 this act).

1 NEW SECTION. **Sec. 413.** A new section is added to chapter 82.29A
2 RCW to read as follows:

3 (1) All leasehold interests in property of port districts and port
4 authorities are exempt from tax under this chapter.

5 (2) "Port authority" means the Puget Sound port authority created
6 under chapter 53.--- RCW (the new chapter created in section 502 of
7 this act).

8 NEW SECTION. **Sec. 414.** A new section is added to chapter 84.36
9 RCW to read as follows:

10 (1) The personal property of a port located business which is used
11 by the business exclusively at the business's location on port owned
12 property is exempt from taxation.

13 (2) For the purposes of this section:

14 (a) "Port located business" has the same meaning as provided in
15 section 408 of this act.

16 (b) "Port authority" means the Puget Sound port authority created
17 under chapter 53.--- RCW (the new chapter created in section 502 of
18 this act).

19 NEW SECTION. **Sec. 415.** A new section is added to chapter 82.08
20 RCW to read as follows:

21 The tax levied by RCW 82.08.020 does not apply to sales of tangible
22 personal property or services used for the expansion of capacity on a
23 mainline rail line. A mainline rail line is a rail line that carried
24 more than five million gross ton-miles per mile in the prior year.

25 NEW SECTION. **Sec. 416.** A new section is added to chapter 82.12
26 RCW to read as follows:

27 The provisions of this chapter do not apply to the use of tangible
28 personal property or services used for the expansion of capacity on a
29 mainline railway.

30 NEW SECTION. **Sec. 417.** A new section is added to chapter 43.33A
31 RCW to read as follows:

32 (1) The board is authorized to make direct loans from the
33 commingled trust fund to port districts with one million dollars or
34 greater in annual tax receipts. In the aggregate, loans to all

1 eligible port districts or port authorities made pursuant to this
2 section may not exceed five percent of the portion of the commingled
3 trust fund allocated by the board to fixed income investments. No loan
4 to a port district or port authority under this section may be made by
5 the board from the commingled trust fund at less than the market rate
6 for a comparable investment.

7 (2) The pledge of a port district or port authority of any
8 revenues, income, profits, charges, fees, or other moneys for the
9 repayment of a loan from the board is valid and binding from the time
10 of the adoption of any resolution or the execution of any agreement
11 making such pledge notwithstanding the fact that there may not then be
12 any simultaneous delivery thereof, that the revenues, income, receipts,
13 profits, charges, fees, and other moneys so pledged as soon as received
14 by the district are immediately subject to the lien of such pledge
15 without the physical delivery thereof and without further act, and that
16 the lien of any such pledge is valid and binding as against all parties
17 having claims of any kind in tort, contract, or otherwise against the
18 district irrespective of whether such parties have notice thereof.
19 Neither the resolutions or loan agreement or any other instrument by
20 which the loan is created need be recorded to be effective.

21 (3) Any port district or port authority accepting a loan from the
22 board must agree that, in the event of any shortfall in revenues
23 affecting the ability of the port district to repay the loan, the port
24 district or port authority must increase the levy made under RCW
25 53.36.020 by an amount sufficient to repay the loan made by the board
26 over a period no greater than the original duration of the loan.

27 (4) Loans made under this section must be made in a manner
28 consistent with investment or management criteria established by the
29 board. In making loans to port districts or a port authority under
30 this section, the board's primary objectives are to maximize return at
31 a prudent level of risk, as required by RCW 43.33A.110, and to maintain
32 the diversity of investment as required by RCW 43.33A.140.

33 (5) Application for loans must be made by an eligible port district
34 or port authority to the board in the form and manner as the board may
35 prescribe.

36 (6) "Port authority" means the Puget Sound port authority created
37 under chapter 53.--- RCW (the new chapter created in section 502 of
38 this act).

1 NEW SECTION. **Sec. 504.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 505.** This act shall be liberally construed to
6 effect the policies and purposes of this act.

7 NEW SECTION. **Sec. 506.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of the
9 state government and its existing public institutions, and takes effect
10 July 1, 2011.

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