



WASHINGTON PUBLIC PORTS ASSOCIATION

## 2023 LEGISLATIVE AGENDA

### 2023 WPPA LEGISLATIVE PRIORITIES

#### **Tax Increment Financing (TIF) – Real Property Definition Fix**

Department of Revenue has interpreted the definition of real property in the current TIF statute which would, among other challenges, prevent port districts from retaining ownership of property within a TIF zone. The Washington State Treasurer's office has agreed to sponsor legislation to correct this issue allowing an existing project at the Port of Vancouver to move forward and other planned port projects to also advance.

■ [Draft Bill](#)

#### **FMSIB reform**

\$45 million in dedicated freight funding has been swept from FMSIB over the past four years. The board has been working to develop a new vision for their work that aligns with a goal to be more strategically focused. WPPA has supported changes to broaden the scope of the board including addressing freight policy matters and championing projects of statewide significance. Further stakeholder meetings prior to session will help to better align port needs and lead to the restoration of this important funding source.

■ [Draft Bill](#)      [For More Information](#)

#### **Port Electrification & Alternative Fuels Program**

The Climate Commitment Act will be implemented in 2023 and while the program will begin generating revenue, certain decision on how the revenue will be spent have yet to be determined. Ports have an opportunity to benefit from funds that would be dedicated towards converting terminals for shore power, eliminating emissions of cargo handling equipment and other clean energy adoption strategies. WPPA will focus on \$500M in available funding in transportation as well as additional capital budget allocations.

#### **Clean Energy Siting/SEPA Reform**

Department of Ecology and the Department of Commerce are completing an 18-month study looking at ways to improve permitting, specifically to increase the development of clean energy production in Washington or to incentivize job creation in industries that will expand with the conversion to zero emission fuels. The State Energy Strategy currently forecasts insufficient supply for electricity to meet demand created by electrification.

#### **Port Funding Programs**

Ports continue to seek partnership with the state to advance shared priorities through important funding programs.

#### **PORT-ELIGIBLE FUNDING** – agency funding requests submitted to the Office of Financial Management

Remedial Action Grants	\$115.11M in new appropriation requested
Community Aviation Revitalization Board	\$5M in new appropriation requested
Core CERB Capital Funding	\$25M in new appropriation requested

Broadband Infrastructure Federal Match	\$130M in new appropriation requested
Associate Development Organization (ADO) Innovation, Sustainability, Partnerships & Equity Fund (new competitive funding)	\$10M in new appropriation requested
WPPA/FMSIB Marine Cargo Forecast	\$250,000 (requested in Phase II report)

## OTHER ISSUES OF IMPORTANCE

### AVIATION

#### **Commercial Aviation Coordinating Commission**

The work to identify possible existing facilities or greenfield sites in or near central Puget Sound to handle increased air travel will require legislation to extend the work of the commission. WPPA supports the work of the commission to ensure the region can accommodate future air travel demand.

#### **Aviation Fuel Tax Compliance**

Currently, certain taxes on aviation fuels in Washington state are in non-compliance with federal law. An FAA ruling requires they be used to support and improve airport infrastructure only. While work continues to determine how significant the level of non-compliance is, legislation which would reallocate up to one percent of the aviation fuel excise tax could be used as an offset the state's non-compliance and increase funding for airports.

### BROADBAND

#### **Open Access Prioritization**

The State Broadband Office has solicited input on how to evaluate projects seeking state and federal money related to whether the projects create an open access network. WPPA has provided comments and will evaluate whether further legislative action may be necessary to ensure port interests continue to be prioritized.

#### **Equity in Taxation of Publicly Owned Broadband**

The Department of Revenue has advised certain publicly owned dark fiber is subject to leasehold excise tax in addition to business and occupation and retail sales tax. The effective result is excessive taxation on the consumers seeking broadband service through an internet service provider leasing dark fiber from certain port districts.

### ECONOMIC DEVELOPMENT

#### **.09 Economic Development Funding**

For most eligible counties, .09 economic development funding is set to sunset in 2034. Advocacy to create bonding capacity with these funds by extending the sunset exists. Other stakeholders are considering a pause during the 2023 legislative session to address persistent legislative concerns with the hopes of working on the issue during the next interim. WPPA will protect existing local authority during the 2023 legislative session and seek ways to improve authority.

#### **Innovation Accelerator Cluster Program (ICAP)/Trade Supply Chain Alignment**

Washington Department of Commerce is proposing an expansion of the ICAP program to include identifying barriers to better alignment with Washington's maritime industry and other regional economies supporting industries reliant on trade.

■ [For More Information](#)

## ENVIRONMENT

### **Derelict Aquatic Structures Removal**

The Department of Natural Resources will accelerate the removal of aquatic derelict structures with the goal of restoring aquatic lands. The bill would create a formal program and seek funding from the capital budget to remove the highest priority structures.

- [Draft Bill](#)      [More Information](#)

## TRANSPORTATION

### **Railroad Infrastructure Modernization Tax Credit**

Legislation designed to incentivize maintenance, preservation and new investment in rail infrastructure is developing. For ports, tax preferences to exempt sales and use tax for Class II and Class III owners and operators investing in rail infrastructure as well as exemptions for new industrial rail development.

- [Draft Bill](#)      [More Information](#)

### **Lower Snake River Dams – Transportation Analysis**

As part of the recommendations developed in the Lower Snake River Dams Benefit Replacement Report, Governor Inslee committed to having WSDOT conduct a transportation analysis documenting impacts to highway and rail infrastructure that would occur with the elimination of barging on the lower Snake River. A \$10 million request is expected to be in Governor Inslee's transportation budget.

## OTHER

### **Marine Terminal Limited Antitrust Immunity**

The Federal Maritime Commission has prohibited eight Washington port districts from continuing to participate in conversations which include the discussion of tariff setting for marine terminal services. This results in an imbalance of power favoring vessel operators who retain the authority to collaborate and threatens ports capacity to adequately maintain terminal infrastructure and leverage best practices. Advocating for the state to extend its own immunity is one possible solution.

### **Public Works Contracting**

Several significant changes to the small works and limited small works contracting processes are included in legislation proposed, including increasing ports threshold to \$350,000 for small works inclusion and an option to direct buy for contracts below \$150,000. Other changes to public works contracting tools designed to create more opportunities for small, women and minority-owned businesses are also under consideration. Increasing thresholds for the Small Works contracting tool to, at a minimum, parity with all other local governments remains a priority. Other reforms including changes to retainage are also being considered.

- [Draft Bill](#)      [Frequently Asked Questions](#)

### **RCO Stadium Grant Program**

\$43 million will become available as part of RCO's Stadium Grant Program. Ports are not currently eligible for funds in this program. RCO plans to request making ports (and others) eligible for these funds this session.

### **DOR – Port inflator during property sales**

Department of Revenue will have agency request legislation making modifications to property tax law. The inflation index used during property sales is being updated because the previous index is no longer updated.

- [Draft Bill](#)      [For More Information](#)