

## **Port of Walla Walla Tax Increment Area - FAQ**

### **1. Why is the Port of Walla Walla considering use of a Tax Increment Area (TIA)?**

The Port of Walla Walla's mission is to create and retain family wage jobs, attract and encourage new investment, expand the region's tax base, maintain multi-modal transportation linkages, build community infrastructure to support economic development, and provide leadership in enhancing Walla Walla County's overall economic vitality and quality of life.

The development of the Port's TIA is vital to the Port's mission to enhance the economic vitality of Walla Walla County through the creation and retention of family wage jobs. For this development to occur, the Port must complete many significant public infrastructure projects. A TIA adds an additional funding source to complete needed infrastructure projects. These projects will provide the infrastructure needed to enable new development that will provide services and jobs for our community.

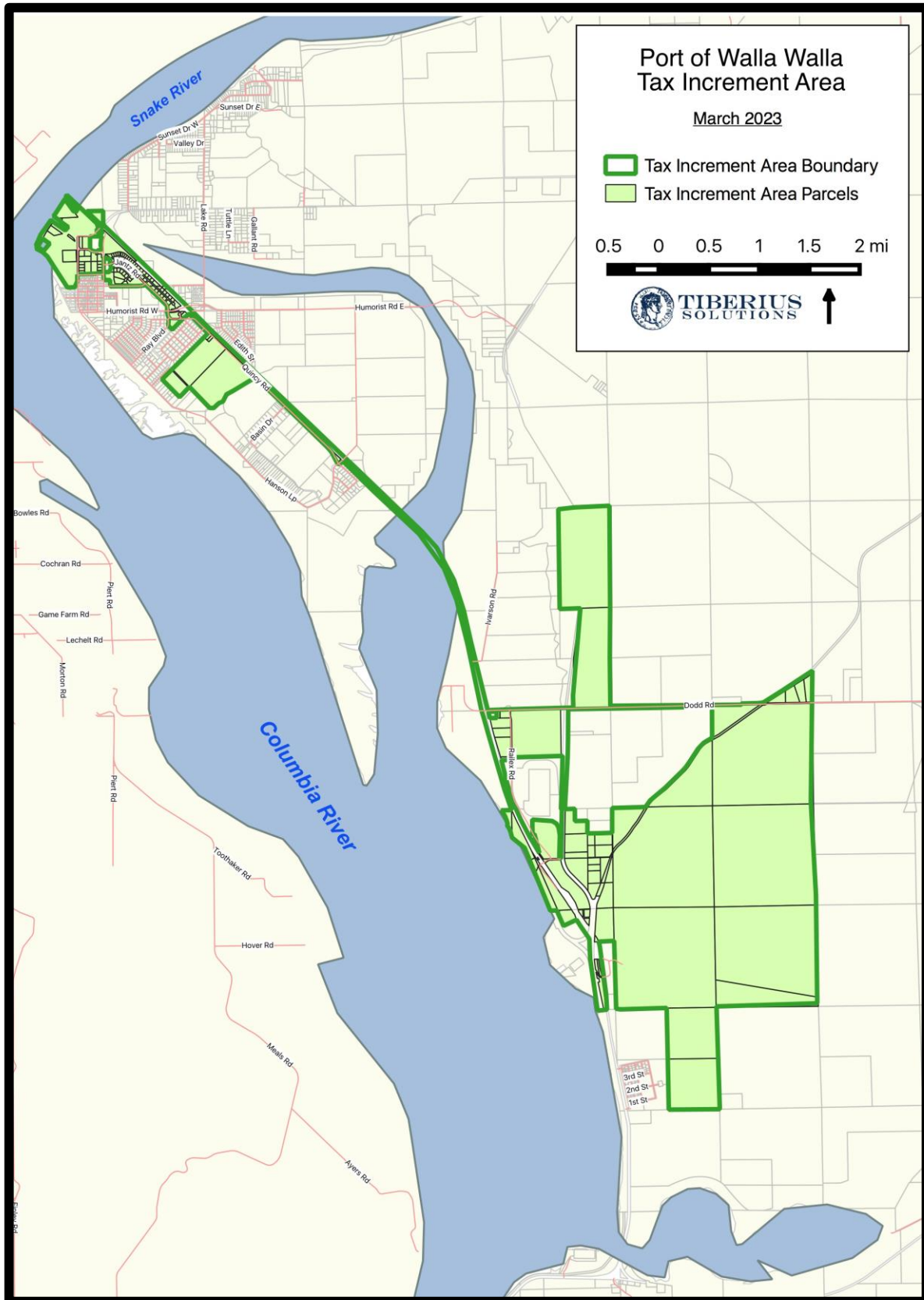
### **2. What is Tax Increment Financing and a Tax Increment Area?**

Tax Increment Financing (TIF) is a powerful economic development tool that was adopted into law in Washington State in 2021. The Washington State Legislature created the TIF authority through House Bill 1189 for a city, county, or port to create a TIA. TIF is an economic development tool used throughout the United States.

In general, Washington State's TIF is a financing option that allows a public agency (city, county, or port) to fund publicly-owned infrastructure to encourage private development within a TIA designated by the public agency. As private development occurs (a result of the public agency's investment in the identified public improvements), property values rise, and the public agency uses the increased property tax generated by that development to pay for the public improvement projects. After the project costs are repaid, the public agency retires the TIA.

All TIAs must have a specified boundary, a set duration (maximum of 25 years), and a specific list of public projects to be funded. The Port of Walla Walla is proposing a TIA in the Attalia Urban Growth Area (specifically the Wallula Gap Business Park) and portions of the nearby Burbank Urban Growth Area. The maximum timeframe for the proposed TIA is 25 years.

# Proposed TIA Boundary Map



### **3. How does a TIA work? How does this impact the taxing districts that currently receive revenue from the properties within the TIA?**

TIA's receive funding from the property tax revenue generated by the growth in assessed value for properties located in a TIA. The property tax levies that would be impacted by the proposed Port TIA include:

- Walla Walla County (Current Expense Fund)
- Walla Walla County Public Works General Fund
- Fire District #5
- Port of Walla Walla
- Rural Library General Fund
- Emergency Medical Services Levy

**State and local school levies are excluded and would not be impacted by the proposed TIA (see Question 6 below).**

The property taxes being levied on the current assessed value within the TIA boundary will continue to go to the overlapping taxing districts. In the proposed Port TIA, some property tax revenue from increases in assessed value after the TIA is established will go to the Port to pay for improvements within the TIA boundary (called tax allocation revenues). This tax allocation revenue is from new development in the TIA and increases in assessed value from appreciation of existing properties.

Taxing districts temporarily forego some taxes raised from the increase in assessed value in the TIA, and the dollars are directed toward public infrastructure improvements in the TIA. This allocation of some property tax revenues from the increased assessed value in the TIA each year will occur until the increment area expires, no more than 25 years after receiving its first increment. Once the TIA has expired, the overlapping taxing districts will receive the full amount of property taxes from the increased assessed value in the increment area.

Only "real" property values are included in the calculation of increment value. Other property types, including "personal" (for example, machinery and equipment) and "utility" value are not subject to TIF. The Port anticipates future industrial development within the TIA to generate substantial amounts of personal property investment. All of the property tax revenue generated by the personal property value in the area will be distributed to the overlapping taxing districts like normal. New personal property investments in the area are forecast to generate a total of \$60 million of tax revenue for overlapping taxing districts over the maximum 25-year duration of the TIA.

#### **4. Does a TIA increase our property taxes?**

The revenue generated by a TIA primarily comes from the redistribution of existing property tax levies, resulting in foregone revenues from overlapping taxing districts, as opposed to a new property tax levy imposed on taxpayers. However, the State allows taxing districts to increase the amount of their levy to account for growth in assessed value inside a TIA. This would result in slightly higher overall levy amounts and tax rates for impacted taxing districts, and therefore slightly increased tax bills for property owners within the Port district. For a property with \$100,000 of assessed value, the average annual impact over the 25-year maximum duration of the TIA is forecast to be \$5.27.

#### **5. Who manages the revenues from the TIA?**

The governing body adopting the TIA (the Port of Walla Walla) manages the revenues. The Port will form a separate fund dedicated to the tax allocation revenues the TIA generates. The Port is only allowed to spend the tax allocation revenues on specific projects benefiting the increment area that were identified during the adoption process.

#### **6. Does this take dollars away from the local schools?**

No, a TIA will not negatively impact schools, as both the state and local school levies are exempt by law from being included in this new financing tool. The property taxes from state and local school levies generated from increased assessed value from new development in the TIA will not go to the TIA but will immediately be allocated to the state school fund and local school district, respectively.

#### **7. What are the overall economic benefits of this TIA?**

- **Construction phase employment:** Approximately 10,885 full-time equivalent (FTE) temporary positions and \$641.8 million in labor income.
- **Employment on completion:** Approximately 1,555 permanent FTE jobs when completed and tenanted.
- **Private development:** Activity in the area (excluding public expenditures on infrastructure funded in part by the TIA) is expected to exceed \$920 million in 2023 dollars over the next 25 years.
- **Housing:** New construction is expected to include 950 single family homes priced between \$450,000 to \$600,000.

#### **8. What are the projects being considered for this TIA?**

The specific projects being considered are shown below but are subject to change prior to the adoption of the TIA, depending on final funding forecasts.

**Burbank Industrial Park & Burbank Business Park:** Water System Expansion & Improvements; Sewer System Expansion & Improvements; Road/Highway Extensions & Improvements; Rail Extension & Improvements; Sidewalk & Lighting Extensions & Improvements; Pedestrian Access Extensions & Improvements; Other Utility Extensions & Improvements; High Dock and Barge Slips Expansion & Improvements; Public Administration Annex Buildings; Property Acquisitions; Renewable Energy Projects; Other Utility Extensions/Relocations; and Security Improvements.

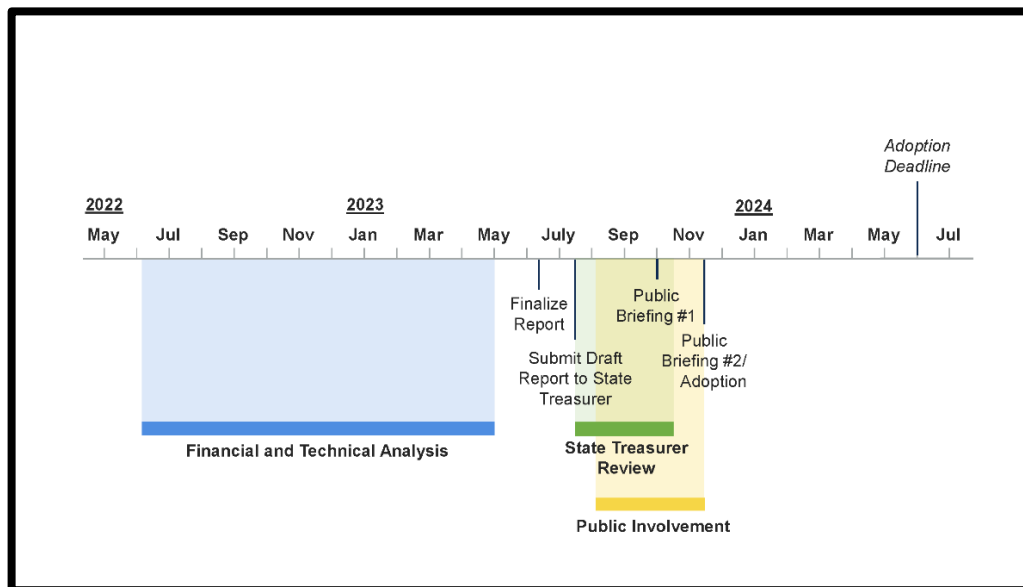
**Dodd Road Industrial Park & Stearns Kelly Site:** Water System Expansion & Improvements; Sewer System Expansion & Improvements; Road/Highway Extensions & Improvements; Rail Extension & Improvements; Other Utility Extensions & Improvements; Property Acquisitions; Renewable Energy Projects; Other Utility Extensions/Relocations; and Security Improvements.

**Wallula Gap Business Park:** Water System Expansion & Improvements; Domestic and Process Wastewater System Expansion & Improvements; Road/Highway Extensions & Improvements; Rail Extension & Improvements; Lighting Extensions & Improvements; Other Utility Extensions & Improvements; Public Safety Facility; Property Acquisitions; Renewable Energy Projects; Other Utility Extensions/Relocations; and Security Improvements.

Public Improvements to be Funded with Tax Allocation Revenues	
Project	Estimated Cost (2023\$)
Burbank Industrial Park & Burbank Business Park	\$ 55,150,000
Dodd Road Industrial Park & Stearns Kelly Site	\$ 59,350,000
Wallula Gap Business Park	\$ 145,000,000
<b>Total Project Costs</b>	<b>\$ 260,000,000</b>
<b>TIA Revenues</b>	<b>\$ 70,000,000</b>

**9. What is the schedule for the TIA and how can I get more information on the proposed increment area and adoption process?**

The Port is currently evaluating the feasibility of a TIA. Should the Port decide to move forward with adoption, it would be adopted before June 30, 2024. The Port will be participating in outreach throughout the summer and fall of 2023 to educate the community about and seek input on the TIA. The Port will also be holding two official public briefings in 2023 as part of the adoption process.



For more information or to submit a question, please visit the Port of Walla Walla’s TIA website at <https://www.portwallawalla.com/business/economic-development/tax-increment-area>