

Port of Moses Lake Tax Increment Area: Frequently Asked Questions

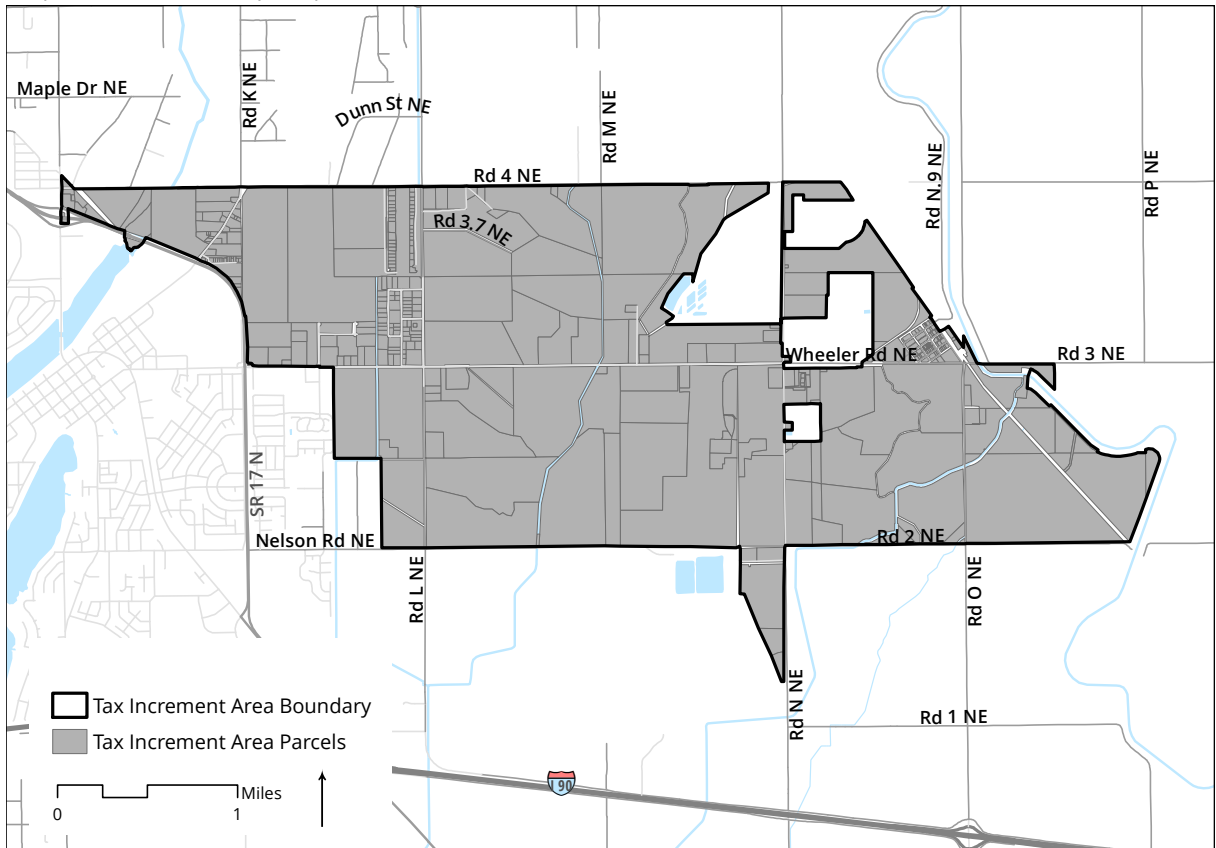
1. What is a Tax Increment Area?

The Washington State Legislature authorized tax increment financing in 2021 and made updates in 2023. It is a new financing tool in Washington, allowing cities, counties and ports to establish Tax Increment Areas (TIAs) to fund public improvements that help enable new private development. All TIAs must have a specified boundary, a set duration (maximum of 25 years), and a specific list of public projects to be funded.

2. Where is the proposed Port of Moses Lake TIA?

The proposed boundary for the TIA includes 5,087.3 acres and is generally bordered by Road 4 NE (Cherokee Road) to the north, the Columbia Basin Railroad line and Crab Creek to the east, Road 2 NE to the south, and State Route 17 to the west.

Proposed TIA Boundary Map:



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

TIAs receive funding from the new property tax revenue generated by the growth in assessed value for properties located in a TIA. Existing property tax revenue continues to be collected by the current taxing districts. 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. The intent of a TIA is to fund public projects that stimulate growth in assessed value that would not occur without those public projects. Thus, a portion of the foregone tax revenue would not exist without the TIA investments.

The property tax levies imposed on properties within the proposed Port of Moses Lake TIA are listed below. Voter approved general obligation bonds are NOT impacted by a TIA. Levies for State and local schools are also NOT impacted by the proposed TIA.

Levies impacted by TIA:

- City of Moses lake
- Hospital 1
- Port 10
- Library
- Road District 1
- Fire District 5
- County Current Expense

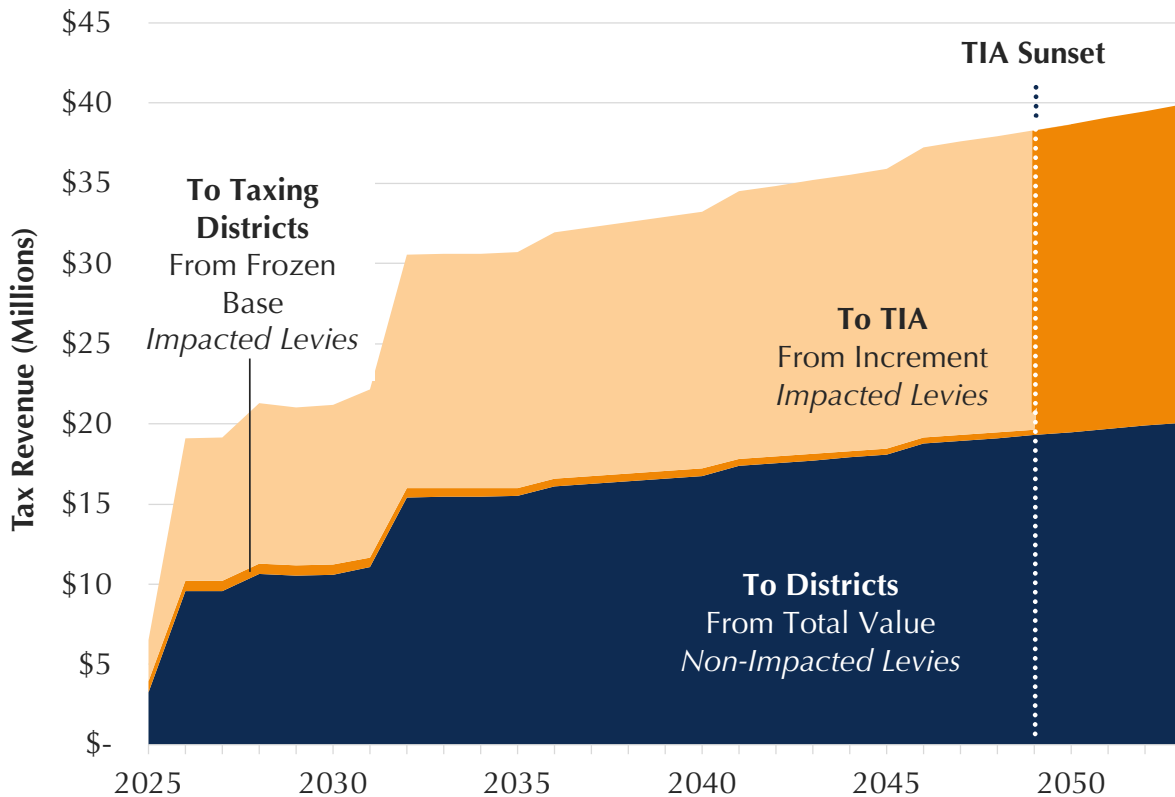
Levies not impacted by TIA:

- State School: Parts 1 and 2
- School District 161
- Mosquito Control District 1

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

Once the TIA has expired (no more than 25 years after receiving its first increment), the overlapping taxing districts will receive the full amount of property taxes from the increased assessed value in the increment area.

This is illustrated in the chart below.



4. What are the goals of the proposed TIA?

The goals of the TIA are:

- Goal 1: Support the economic vitality of Greater Moses Lake by attracting new and retaining existing businesses
- Goal 2: Increase quality of life for residents, businesses, and visitors.

The objectives for these goals may be viewed in the Project Analysis Report.

5. Does a TIA increase property taxes?

Revenue generated by TIAs primarily occurs through redirecting property taxes generated by existing tax levies, rather than imposing new property tax levies. However, establishing a TIA may result in slight changes to the calculation of existing property tax levy rates, including slight increases for some levies and slight decreases for others. The increase in taxes on a property valued at \$100,000 is estimated to be less than \$1.20 per year for those properties in tax code area 73 which is in the City of Moses Lake city limits and 39 cents per year in tax code area 94 which is outside the city limits.

6. Why is the Port of Moses Lake considering use of a TIA?

A TIA provides an additional funding source to complete needed infrastructure projects. These projects will provide infrastructure that enables new development that will provide services, jobs, and economic vitality for our community.

7. Who manages the revenues from the TIA?

The governing body (the Port of Moses Lake) adopting the TIA manages the revenues. The Port is only allowed to spend the tax allocation revenues on specific projects within the tax increment area that were identified during the adoption process.

8. Does this take dollars away from the local schools?

No. The proposed TIA will not negatively impact schools. The property tax levies for School District 161 and the State Schools fund would not be included in the calculation of tax allocation revenues, and therefore would not experience any foregone revenues from the TIA. Private development anticipated to occur as a result of public improvements within the proposed TIA would generate increased property tax revenues for state school funding. For local schools, new development within the TIA would allow the same amount of funding to be generated by existing levies while reducing the levy rate imposed on properties within School District 161. The impact on the levy rate is not expected to be significant.

9. What are the projects being considered for this TIA?

Port staff have identified a preliminary list of dozens of eligible activities that would support continued taxable new development within the proposed TIA within the following four broad public projects:

- Transportation Improvements
- Wastewater Improvements
- Water Improvements
- Power Improvements
- Life and Safety Improvements
- Land Use - Environmental Improvements

The Northern Columbia Basin Railroad Project (NCBRP), a sub-project under transportation projects, is especially critical for planned private development in the area. The Port has been planning these rail improvements for over a decade, including National Environmental Policy Act (NEPA) approvals in 2020. Local businesses have made investment decisions predicated on the Port's completion of these vital rail infrastructure improvements. However, anticipated project costs have increased significantly in recent years, and the Port's existing funding is insufficient to pay for the full cost of the project. The proposed TIA would provide sufficient funding to allow the Port to proceed immediately with implementation of the NCBRP, facilitating planned investment by private developers and local businesses in the area. While rail infrastructure is an immediate priority to facilitate economic development in the area, the

other public improvements identified in this report are also critical for facilitating longer-term private development efforts in the area. These improvements will address existing deficiencies in road, water, wastewater, and power infrastructure.

A full list of the proposed activities within each of the four public projects may be found in the Project Analysis Report.

10. What are the estimated economic and fiscal impacts of the proposed TIA?

The proposed TIA is expected to generate substantial economic impacts for the local and regional economy, while enabling up to \$1.8 billion in private construction investment and an additional \$1.4 billion of machinery and equipment investment. The infrastructure investments supported by the proposed TIA would support substantial employment from construction as well as ongoing business activity. Tax revenue from the development stimulated by the projects in the TIA are significant.

- The total estimated economic impacts (direct, indirect, and induced) from the construction phase are 15,228 FTE positions and \$963 million in labor income (2024 dollars).
- The total value of the new development is estimated to be \$3.2 billion in 2024 dollars,
- Through the construction period, the project is expected to contribute
 - \$267.9 million of taxes and fees at the federal level
 - \$91.5 million of taxes and fees at the State and local level.
- When completed and operational, the project is expected to generate an additional
 - \$345.8 million per year of taxes and fees at the federal level
 - \$128.9 million per year at the State and local level.

The full economic analysis can be viewed in the Project Analysis Report.

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

The Port of Moses Lake is currently evaluating the feasibility of a TIA. It is anticipated that the Port will decide on whether or not to proceed with establishing the TIA in early 2024. The Port will be participating in outreach throughout early 2024 to educate the community about and seek input on the TIA. The Port will also be holding two official public briefings as part of the adoption process.

Project Timeline

