The Port of Lewiston's website proclaims, “It Pays to Have a Port.” The truth is just the opposite. It COSTS to have a port, with Nez Perce County and City of Lewiston taxpayers paying much of the tab.

The Port of Lewiston's 2013-2018 strategic plan lists 5 sources of port revenue:

- **Property taxes** — $469,573 in fiscal year 2014, paid to the port by Nez Perce County residents.
- **Ad valorem taxes** — $103,464 in FY 2014 Idaho sales taxes paid to the port because of its status as a “municipal government.”
- **Property leases** — $492,127 in FY2014 generated from leases and rents of port facilities.
- **Warehouse operations** — $268,538 in FY2014 resulting from a contract with Inland 465 to manage the port's Terminal II that receives and stores freight, principally for transport by truck.
- **Container yard operations** — $590,260 listed in the port's audit report for FY2014 as “terminal tariff.” The port spent $536,856 in direct expenses alone on these operations, however, so the container yard is at best a financial wash.

Items (c) through (e) above are considered “operating revenue,” which is generated from property previously purchased with property taxes. Thus the port can levy a property tax, use that tax to purchase property, and then rent out that property to create an income stream that becomes “operating revenue.” Meanwhile the purchased property has been removed from the tax base for an indeterminate amount of time, sometimes permanently.

For FY2014 the port posted an operating loss of $92,435.

**Another local cost—the “hidden tax”**

According to its website, the Port of Lewiston owns 246 acres of commercial real estate, including waterfront property, within the City of Lewiston. The port pays no property taxes on these properties or their improvements, which means other taxing districts such as Nez Perce County, the City of Lewiston, and the Lewiston School District make up the lost tax revenue with higher property taxes within their own taxing districts. These taxes have been referred to as a “hidden tax” attributable to the existence of the POL.

In 2002 the Nez Perce County Clerk/Auditor put a value on this hidden tax. At that time the Port of Lewiston claimed approximately $34 million in real and personal property assets. The assessor wrote that if port assets were privately held, the minimum property tax paid would be **$747,983**. In other words, the taxpayers of the other taxpaying districts in 2002 had to levy additional taxes in the amount of $747,983 because POL property was not on the tax roles. If this figure were updated for 2014, the hidden tax in 2014 would likely be significantly higher.
Urban Renewal: A new source of local property taxes for the POL

With the 2005 advent of an Urban Renewal Agency in Lewiston, the port discovered a new means of securing local tax monies to fund its real estate development activities. Port properties are included in 2 of the 3 URA Revenue Allocation Areas. The URA freezes the property tax revenues within an RAA that flow to taxing districts such as the City of Lewiston, Nez Perce County and the Lewiston School District. For a period of up to 24 years all increases in property tax revenues within an RAA due to increases in assessed valuation go to the URA, which uses these funds primarily to make property improvements. When the port gets the URA to pay for projects on port property, the port has, in effect, garnered local property taxes additional to its usual assessment of $450,000+ each year, and the other local taxing entities have to make up for this lost revenue by levying increased property taxes in their own taxing districts. Rather than “hidden taxes,” an appropriate name for this taxation is “camouflaged taxes.” Today all newly proposed URA projects in the North Lewiston RAA involve Port of Lewiston property, and port officials are actively pursuing URA and City of Lewiston approval of a number of new “camo-tax” projects.

Federal Tax Costs

The maintenance of the lower Snake and Clearwater River shipping channels and the operation and maintenance of 4 sets of locks on the lower Snake River create additional Port of Lewiston-related costs in the form of federal taxes.

a. The cost of perpetual dredging  The confluence of the Snake and Clearwater Rivers is a sediment trap requiring perpetual dredging in order to maintain a navigation channel to the Port of Lewiston. All dredging costs above the Port of Clarkston’s cruise ship dock are directly attributable to the POL. Port supporters peg the annualized dredging cost at $812,500 based on the logic that the next round of dredging now slated for 2014/2015 is expected to cost $6.5 million and no dredging has occurred for 8 years. However, an analysis based on the historical record of 23 years of sediment removal, using 2005/06 per cubic yard dredging costs, shows a reasonable projected annualized cost for dredging of approximately $2.3 million in 2012 dollars.

b. Additional sediment management costs  Over the past 9 years the U.S. Army Corps of Engineers has spent more than $16 million creating a sediment management plan for the Lower Snake River. In addition to the dredging mentioned above, this plan includes the installation of various in-river structural means of managing sediment. Many of these costs are directly attributable to maintaining the navigation channel to the Port of Lewiston. Not including the $16 million in planning costs, the USACE has estimated total project cost at $39 million.

c. Federal grants  The federal government recently provided $1.3 million for the extension of the port’s container dock, a facility certified by port officials to be “in good repair” and which was operating at only 25% of proven capacity. The State of Idaho provided an additional $500,000 for this project, with local taxpayers picking up the rest of the remaining $1,000,000.
d. **Operation and maintenance of locks and dams** Not to be forgotten are the costs incurred in operating and maintaining the locks and dams that make waterborne commerce from the Port of Lewiston possible. Lower Snake River O & M costs alone in 2012 totaled $44,142,328.

When the Port of Lewiston was first formed in 1958, local residents understood the port would need some initial taxpayer support. Port officials at that time believed that after a dozen or so years the port would be self-sustaining. After more than 50 years, waterborne commerce at the Port of Lewiston is in serious decline and taxpayers are still propping up the port with property and other taxes.

In June, port officials will pass a budget that includes yet another $450,000 in property taxes imposed on the residents of Nez Perce County. The port will argue they are not raising taxes and that taxpayers will only be paying about $16/$100,000 worth of assessed property valuation. This claim ignores the millions of other dollars in taxes flowing to the port as noted above, makes a mockery of the original promise made when voters approved the formation of the Port District, and ignores the fact that the port currently has approximately $5 million in cash reserves.

It **COSTS to have a port**—in the case of the Port of Lewiston, millions of dollars every year.

This report was prepared by Linwood Laughy. Lin grew up in Lewiston and has been a long-time resident of the Clearwater Valley.