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**HOUSE BILL 1921**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Representatives Ramel, Boehnke, Fitzgibbon, Shewmake, Kloba, and Young

AN ACT Relating to the valuation of property related to renewable energy for the purposes of property tax and providing for a payment in lieu of taxes for renewable energy facilities; adding a new section to chapter 84.04 RCW; adding a new section to chapter 84.40 RCW; adding a new section to chapter 84.36 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 84.04 RCW to read as follows:

(1) "Renewable energy property" means a property not placed in service at the time of application that uses solar or wind energy as the sole fuel source for the generation of at least one megawatt of nameplate capacity, alternating current, and all other equipment and materials that comprise the property, including equipment used to store electricity from the property to be released at a later time.

(2) "Renewable energy property owner" means the owner or person in possession or control of a renewable energy property.

NEW SECTION. **Sec.**  A new section is added to chapter 84.40 RCW to read as follows:

(1) It is the policy of this state to promote the development of renewable energy projects to support the state's renewable energy goals.

(2) The assessed value for renewable energy facilities must be determined by a cost-based approach. These facilities may not be revalued for at least 20 years from the date the renewable energy property is placed into service. The department must adopt rules that include, but are not limited to, the following:

(a) The development of industry specific trending tables for each type of renewable energy property as defined in section 1 of this act; and

(b) An appraisal model to be developed by the department in cooperation with stakeholders within 90 days of the effective date of this section.

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

(1)(a) The governing body of a county and the renewable energy property owner located within the county and outside the boundaries of any incorporated city may enter into an agreement that exempts from property taxes the property constituting the renewable energy property and allows the payment of a fee in lieu of property taxes imposed on the property. An agreement may not be entered into for an initial period of longer than 10 consecutive tax years but may be renewed at the end of the 10-year period upon the mutual consent of the parties to the agreement.

(b) If any portion of a renewable energy property is located within the boundaries of an incorporated city, the governing body of the county shall consult with the governing body of the city before entering into an agreement under (a) of this subsection. An agreement entered into under (a) of this subsection with respect to a renewable energy property located within the boundaries of the incorporated city is not effective unless the governing body of the incorporated city is a party to the agreement.

(2) The agreement under subsection (1) of this section must require the renewable energy property owner to pay the fee annually and in an amount that must be computed at the following rates:

(a) For a renewable energy property that uses solar energy as the sole fuel source, the rate must not exceed $4,500 per megawatt of nameplate capacity, alternating current, plus an additional surcharge of $750 per megawatt-hour of any energy storage device that is part of the renewable energy property.

(b) For a renewable energy property that uses wind energy as the sole fuel source, the rate must not exceed $8,500 per megawatt of nameplate capacity, alternating current, plus an additional surcharge of $750 per megawatt-hour of any energy storage device that is part of the renewable energy property.

(3)(a) A renewable energy property that has entered into an agreement pursuant to subsection (1) of this section must:

(i) On or before the date required for filing the list of personal property pursuant to RCW 84.40.040 of the first assessment year applicable to the renewable energy property, file the required listing and also file with the department and with the assessor of the county in which the renewable energy property is located a copy of the agreement and the nameplate capacity of the renewable energy property. Assessment of exempt property pursuant to RCW 84.40.175 may not be suspended on account of any agreement or exemption described in this section.

(ii) For each subsequent assessment year preceding a tax year to which the agreement relates, include with the statement required pursuant to RCW 84.12.230, if applicable, or RCW 84.40.040, the nameplate capacity of the renewable energy property.

(b) A filing made under (a)(i) or (ii) of this subsection after April 30th is subject to penalties pursuant to RCW 84.40.130.

(4) For each assessment year preceding a tax year to which an agreement relates, the department, when certifying and transmitting the assessment roll to the county assessors pursuant to chapter 84.12 RCW, must provide the nameplate generating capacity of each renewable energy property subject to the payment of a fee in lieu of taxes imposed in subsection (2) of this section to each assessor of a county in which a renewable energy property is located.

(5) For renewable energy facilities that have entered into an agreement pursuant to subsection (1) of this section, the county assessors must extend upon the tax roll against all property constituting a renewable energy property located in the respective counties the payment of a fee in lieu of taxes pursuant to subsection (2) of this section for the tax year, in lieu of extending the tax on renewable energy facilities on the rolls pursuant to RCW 84.52.080. The payment of a fee in lieu of taxes must be distributed pursuant to RCW 84.56.230.

(6) The payment of a fee in lieu of taxes imposed pursuant to this section is due in full on April 30th of each tax year subject to an agreement. Except as provided in subsection (7) of this section, property for which payment of a fee in lieu of taxes are not paid as required under this section are not exempt for the tax year immediately following the nonpayment of the fee.

(7) Property is exempt for the following tax year upon payment, by October 31st of the current tax year, of the delinquent payment of a fee in lieu of taxes plus any penalties and interest imposed pursuant to RCW 84.56.020. Delinquent fee payments, interest, and penalties must be collected in the manner provided for the collection of delinquent taxes on personal property.

(8) The exemption granted by the department to the renewable energy property is assignable upon the sale or transfer of the renewable energy property.

NEW SECTION. **Sec.**  This act applies to taxes levied for collection in 2023 and thereafter.

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