

SENATE BILL REPORT

SHB 1634

As of February 26, 2014

Title: An act relating to including the value of solar, biomass, and geothermal facilities in the property tax levy limit calculation.

Brief Description: Including the value of solar, biomass, and geothermal facilities in the property tax levy limit calculation.

Sponsors: House Committee on Finance (originally sponsored by Representatives Warnick and Manweller).

Brief History: Passed House: 2/07/14, 80-14.

Committee Activity: Ways & Means: 2/27/14.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: A taxing district's regular property tax levy is limited by a statutory maximum growth rate in the amount of tax revenue that may be collected from year to year. The limit requires a reduction of property tax rates as necessary to limit the growth in the total amount of property tax revenue received to the lesser of 1 percent of inflation. The revenue limitation does not apply to new value placed on tax rolls attributable to new construction, improvements to existing property, changes in state-assessed valuation, or to construction of certain wind turbines.

Solar, biomass, and geothermal facilities are personal property unless the same person owns both the facilities and the land upon which they are located. Solar, biomass, and geothermal facilities owned by utilities that operate in more than one county are state assessed. Property taxes resulting from new state-assessed facilities increase revenues to taxing districts because taxes resulting from increases in the value of state-assessed property are added to the amount that may be levied under the levy limit. Solar, biomass, and geothermal facilities owned by utilities that operate entirely within a single county are assessed by the county assessor. Property taxes resulting from new county-assessed facilities do not increase revenues to taxing districts because they are not considered new construction or an improvement to property.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: The property tax revenue limit for a taxing district is increased by the value resulting from new solar, biomass, and geothermal facilities that generate electricity.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.