
Finance Committee

HB 1921

Brief Description: Concerning 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.

Sponsors: Representatives Ramel, Boehnke, Fitzgibbon, Shewmake, Kloba and Young.

Brief Summary of Bill

- Authorizes a county to enter into an agreement with property owner of property with renewable energy facilities for payment in lieu of taxes.
- Requires the Department of Revenue to adopt rules developing an appraisal model and industry-specific trending tables for renewable energy property type.
- Establishes various program requirements and administrative provisions.

Hearing Date: 1/18/22

Staff: Kyle Raymond (786-7190).

Background:

Property Tax.

All property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The county assessor determines assessed value for each property and calculates property taxes. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located. The aggregate of all regular tax levies upon real and personal property by the state and all taxing districts may not exceed 1 percent of the true and fair value of the property. In addition, the aggregate regular levies of junior taxing districts and senior taxing

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districts, other than the state, may not exceed \$5.90 per \$1,000 of assessed valuation.

Summary of Bill:

Assessed Value of Renewable Energy Facilities.

It is the policy of the state to promote the development of renewable energy projects to support the state's renewable energy goals. 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 of Revenue (DOR) must adopt rules that include, but are not limited to, the following:

- the development of industry specific trending tables for each type of renewable energy property; and
- an appraisal model to be developed by DOR in cooperation with stakeholders within 90 days of the effective date of this Act.

Payment in Lieu of Taxes Agreement for Renewable Energy Property.

A governing body of a county and a renewable energy property owner, located in an unincorporated area within the county, may enter into an agreement that allows a renewable energy property to pay a fee in lieu of property taxes imposed. If any portion of a renewable energy property is located within an incorporated city, the governing body of the county must consult with the governing body of the city before entering into an agreement, and the governing body of the city must be a party to the agreement for the renewable energy property located within the boundaries of the incorporated city.

A "renewable energy property" is 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.

An agreement may not be entered into for an initial period of longer than 10 consecutive tax years. The agreement may be renewed at the end of the 10-year period, upon the mutual consent of the parties to the agreement.

Fee Assessed.

The agreement 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 maximum rate of \$4,500 per megawatt of nameplate capacity, alternating current, for a renewable energy property that uses solar energy as the sole fuel source.
- A maximum rate of \$8,500 per megawatt of nameplate capacity, alternating current, for a renewable energy property that uses wind energy as the sole fuel source.

An additional surcharge of \$750 per megawatt-hour of any energy storage device that is part of the renewable energy property that either uses wind energy or solar energy as the sole fuel

source.

The payment of a fee in lieu of taxes is due in full on April 30 of each tax year subject to an agreement. Property for which payment of a fee in lieu of taxes are not paid are not exempt for the tax year immediately following the nonpayment of the fee, unless the delinquent payment of a fee in lieu of taxes plus any penalties and interest imposed is made by October 31 of the current tax year. Delinquent fee payments, interest, and penalties must be collected in the manner provided for the collection of delinquent taxes on personal property.

Filing Requirements.

A renewable energy property that has entered into an agreement must file a copy of the agreement and the nameplate capacity of the renewable energy property with the DOR and with the applicable county assessor on or before April 30 of the first assessment year applicable to the renewable energy property. The assessment of property exempt from property tax may not be suspended on account of any agreement or exemption.

A renewable energy property that has entered into an agreement must include the nameplate capacity of the renewable energy property with the statement required under the property's annual reporting requirement to the DOR, if applicable, or the county assessor list filing for each subsequent assessment year preceding a tax year to which the agreement relates.

A filing made after April 30 is subject to the following penalties:

- For failure or refusal to provide the required materials, 5 percent of the amount of such tax, not to exceed \$50 per calendar day, with an additional 5 percent for each additional month such failure continues, not to exceed 25 percent.
- If a false or fraudulent list is willfully given, or a failure or refusal to deliver the required materials with intent to defraud, a penalty of 100 percent of the tax is assessed.

Additional Provisions.

The DOR must provide the nameplate generating capacity of each renewable energy property subject to the payment of a fee in lieu of taxes to each applicable county assessor when certifying and transmitting the assessment roll to the county assessors for each assessment year preceding a tax year to which an agreement relates.

For renewable energy facilities that have entered into an agreement, 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 for the tax year, in lieu of extending the tax on renewable energy facilities on the rolls. The payment of a fee in lieu of taxes must be distributed in the same manner a monthly distribution of taxes collected.

The exemption granted by the DOR to the renewable energy property is assignable upon the sale or transfer of the renewable energy property.

Appropriation: None.

Fiscal Note: Requested on January 11, 2022.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.