

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1756

Chapter 427, Laws of 2023

68th Legislature
2023 Regular Session

RENEWABLE ENERGY GENERATION—TAXES

EFFECTIVE DATE: July 23, 2023

Passed by the House March 16, 2023
Yeas 81 Nays 12

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate April 19, 2023
Yeas 33 Nays 15

DENNY HECK

President of the Senate

Approved May 11, 2023 9:54 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1756** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 11, 2023

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1756

Passed Legislature - 2023 Regular Session

State of Washington

68th Legislature

2023 Regular Session

By House Finance (originally sponsored by Representatives Ramel, Klicker, Duerr, Rude, Schmidt, Reed, Kloba, Doglio, Senn, Ryu, and Macri)

READ FIRST TIME 03/13/23.

1 AN ACT Relating to supporting clean energy through tax changes
2 that increase revenue to local governments, schools, and impacted
3 communities; adding a new section to chapter 84.36 RCW; adding a new
4 chapter to Title 82 RCW; and creating new sections.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36
7 RCW to read as follows:

8 (1) Provided the taxpayer fulfills the requirements of this
9 section, all qualified personal property owned by a taxpayer is
10 exempt from property taxes levied for any state purpose.

11 (2)(a) Unless a taxpayer is assessed under chapter 84.12 RCW, a
12 claim for an exemption under this section from taxes payable the
13 following year must be filed by March 31st with the county assessor
14 together with the statement required under RCW 84.40.190 and a
15 statement attesting that the taxpayer meets the requirements of
16 subsection (3) of this section. The claim must be made upon forms as
17 prescribed and furnished by the department. The application must
18 indicate if the taxpayer is applying for a 10 or 15-year exemption.

19 (b) If a taxpayer is assessed under chapter 84.12 RCW, a claim
20 for an exemption under this section from taxes payable the following
21 year must be filed by March 31st with the department together with

1 the annual report required under RCW 84.12.230 and a statement
2 attesting that the taxpayer meets the requirements of subsection (3)
3 of this section. The claim must be made upon forms as prescribed and
4 furnished by the department. The application must indicate if the
5 taxpayer is applying for a 10 or 15-year exemption.

6 (c) The taxpayer claiming an exemption under this subsection (2)
7 and paying the production excise tax under section 2 of this act must
8 file an annual attestation in the manner and form prescribed by the
9 department.

10 (3) The taxpayer must register with the department to pay the
11 production excise tax authorized in section 2 of this act.

12 (4) An exemption granted pursuant to this section to a taxpayer
13 compliant with requirements of this section is granted for 10 or 15
14 years following the date on which the facility where the qualified
15 personal property is located first becomes operational.

16 (5) The department must apportion personal property assessed
17 under chapter 84.12 RCW that is granted an exemption under this
18 section pursuant to RCW 84.12.360.

19 (6)(a) If a taxpayer fails to meet the annual attestation
20 requirement in subsection (2)(c) of this section or fails to pay the
21 production excise tax required in section 2 of this act, the
22 department shall send a notice to the taxpayer to comply or forfeit
23 the exemption. The taxpayer must come into compliance within 60 days
24 from the date of the notice.

25 (b) Failure to comply with the requirements of this section
26 results in the personal property taxes previously exempted becoming
27 immediately due and payable with interest. The rate of interest must
28 be the same as provided for delinquent taxes in RCW 84.56.020(5). No
29 additional penalties may be assessed; however, credit for production
30 excise taxes paid pursuant to section 2 of this act may not be given
31 in calculating the total amount due under this subsection (6). In
32 addition, the qualified personal property no longer qualifies for a
33 personal property tax exemption under this section.

34 (7) The definitions in this subsection apply throughout this
35 section unless the context clearly indicates otherwise.

36 (a) "Personal property" has the same meaning as in RCW 84.04.080.

37 (b) "Qualified personal property" means personal property that is
38 used exclusively for the generation or storage of renewable energy in
39 a facility, the construction of which began on or after July 1, 2023.

1 (c) "Renewable energy" means energy produced by a solar or wind
2 facility with nameplate capacity sufficient to generate at least 10
3 megawatts of nameplate capacity of alternating current power.

4 NEW SECTION. **Sec. 2.** (1)(a) For taxpayers granted an exemption
5 under section 1 of this act, an excise tax is imposed on the
6 privilege of using qualified renewable energy generating systems used
7 as an electric power source in the state. The rate of the tax is as
8 follows:

9 (i) \$80 per month per megawatt of nameplate capacity of
10 alternating current power for a qualified renewable energy generating
11 system that uses solar energy to generate electricity and that was
12 granted an exemption under section 1 of this act for 10 years;

13 (ii) \$75 per month per megawatt of nameplate capacity of
14 alternating current power for a qualified renewable energy generating
15 system that uses solar energy to generate electricity and that was
16 granted an exemption under section 1 of this act for 15 years;

17 (iii) \$150 per month per megawatt of nameplate capacity of
18 alternating current power for a qualified renewable energy generating
19 system that uses wind energy to generate electricity and that was
20 granted an exemption under section 1 of this act for 10 years;

21 (iv) \$130 per month per megawatt of nameplate capacity of
22 alternating current power for a qualified renewable energy generating
23 system that uses wind energy to generate electricity and that was
24 granted an exemption under section 1 of this act for 15 years.

25 (b) For taxpayers granted an exemption under section 1 of this
26 act, a tax is imposed on the capacity of the renewable energy storage
27 system of a qualified renewable energy generating system.

28 (i) The rate of the tax is \$19 per month per megawatt hour of
29 renewable energy storage capacity for exemptions granted under
30 section 1 of this act for 10 years.

31 (ii) The rate of the tax is \$14 per month per megawatt hour of
32 renewable energy storage capacity for exemptions granted under
33 section 1 of this act for 15 years.

34 (2) To ensure the rate structures reflect changes in technology,
35 capacity, markets incentives, and inflation, the department may
36 recommend to the legislature changes to the production excise tax
37 rates in subsection (1) of this section to ensure a balance between
38 the value of the exemptions granted pursuant to section 1 of this act
39 and the production excise tax rate imposed pursuant to this section.

1 The goal is to optimize revenues for local communities while
2 maintaining a rate and tax incentive program that is attractive to
3 project developers.

4 (3) For taxpayers not assessed under chapter 84.12 RCW, the
5 county assessor must provide a list of taxpayers granted an exemption
6 under section 1 of this act for the following year, along with any
7 other information required, to the department by August 1st each
8 year.

9 (4) A taxpayer applying for an exemption under section 1 of this
10 act for the following year must register with the department prior to
11 submitting an application under section 1 of this act. If the
12 application for an exemption under section 1 of this act is granted
13 for any calendar year, payment of the taxes imposed under this
14 section are due.

15 (5) The taxpayer claiming an exemption under section 1 of this
16 act and paying the production excise tax under this section must file
17 an annual attestation in the manner and form prescribed by the
18 department.

19 (6) The definitions in this subsection apply throughout this
20 section unless the context clearly indicates otherwise.

21 (a) "Qualified renewable energy generating system" means a set of
22 devices whose primary purpose is to produce electricity by means of
23 any combination of collecting, transferring, or converting renewable
24 energy and that is receiving an exemption under section 1 of this
25 act.

26 (b) "Renewable energy" means energy produced by a solar or wind
27 facility with nameplate capacity sufficient to generate at least 10
28 megawatts of nameplate capacity of alternating current power.

29 (c) "Renewable energy storage capacity" means the battery storage
30 capacity per megawatt hour.

31 (d) "Renewable energy storage system" means battery storage or
32 battery energy storage system that can store renewable energy when
33 production exceeds demand and release energy when energy demand
34 increases.

35 NEW SECTION. **Sec. 3.** (1) The renewable energy local benefit
36 account is created in the state treasury. All receipts from the
37 production excise tax in section 2 of this act must be deposited in
38 the account. Moneys in the account may be spent only after

1 appropriation. Expenditures from the account may be used for
2 qualified local counties and qualified school districts.

3 (2) The total amount appropriated to qualified counties and the
4 qualified school districts within those counties must be in
5 proportion to the amount of production excise tax paid by renewable
6 energy systems located in those counties and must be distributed as
7 follows:

8 (a) Each qualified county must receive an appropriation equal to
9 42.5 percent of the production excise tax paid by a renewable energy
10 system located in the county.

11 (b) Qualified federally recognized Indian tribes must receive an
12 appropriation totaling 15 percent of the production excise tax paid
13 by a renewable energy system impacting the tribes' resources or
14 rights.

15 (c) Each qualified school district must receive an appropriation
16 from the remaining 42.5 percent of the production excise tax paid by
17 a renewable energy system located in the same county in proportion to
18 the number of students being served by that district.

19 (3) For the purposes of this section, the definitions in this
20 subsection apply unless the context clearly requires otherwise.

21 (a) "Qualified county" means a county that has a renewable energy
22 system that receives a tax exemption under section 1 of this act and
23 pays the production excise tax under section 2 of this act.

24 (b) "Qualified federally recognized Indian tribe" means a
25 federally recognized Indian tribe with rights or lands reserved or
26 protected by federal treaty, statute, or executive order that are
27 potentially impacted by a renewable energy system that receives a tax
28 exemption under section 1 of this act and pays the production excise
29 tax under section 2 of this act.

30 (c) "Qualified school district" means a school district that is
31 located in a county that has a renewable energy system that receives
32 a tax exemption under section 1 of this act and pays the production
33 excise tax under section 2 of this act.

34 NEW SECTION. **Sec. 4.** All of the provisions contained in chapter
35 82.32 RCW not inconsistent with the provisions of this chapter have
36 full force and application with respect to taxes imposed under the
37 provisions of this chapter.

1 NEW SECTION. **Sec. 5.** RCW 82.32.805 and 82.32.808 do not apply
2 to this act.

3 NEW SECTION. **Sec. 6.** Sections 2 through 4 of this act
4 constitute a new chapter in Title 82 RCW.

5 NEW SECTION. **Sec. 7.** This act applies to taxes levied for
6 collection in 2025 and thereafter.

Passed by the House March 16, 2023.
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