
THIRD SUBSTITUTE HOUSE BILL 1960

State of Washington

69th Legislature

2026 Regular Session

By House Finance (originally sponsored by Representatives Ramel, Berg, Doglio, Fitzgibbon, Parshley, Scott, Reed, and Hill)

READ FIRST TIME 02/03/26.

1 AN ACT Relating to encouraging renewable energy in Washington
2 through tax policy and investment in local communities; amending RCW
3 84.55.010, 84.55.020, 84.55.030, 84.55.120, 82.32.330, and
4 43.21C.525; adding new sections to chapter 82.96 RCW; adding a new
5 section to chapter 84.36 RCW; adding a new section to chapter 36.29
6 RCW; adding new sections to chapter 43.63A RCW; adding a new section
7 to chapter 43.21A RCW; creating new sections; repealing RCW
8 84.36.680, 82.96.010, 82.96.020, and 82.96.030; and providing an
9 effective date.

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

11 **PART I**

12 **RENEWABLE ENERGY EXCISE TAX**

13 NEW SECTION. **Sec. 101.** A new section is added to chapter 82.96
14 RCW to read as follows:

15 The definitions in this section apply throughout this chapter
16 unless the context clearly requires otherwise.

17 (1) "Battery electric storage systems" means commercially
18 available technology that is capable of retaining electricity,
19 storing the energy for a period of time, and delivering the
20 electricity after storage by chemical, thermal, mechanical, or other

1 means that has at least 10 megawatt-hour of storage. "Battery
2 electric storage systems" does not include any form of hydroelectric
3 power.

4 (2) "Energy storage" means commercially available technology that
5 is capable of retaining electricity, storing the energy for a period
6 of time, and delivering the electricity after storage by chemical,
7 thermal, mechanical, or other means.

8 (3) "Personal property" has the same meaning as in RCW 84.04.080.

9 (4) "Qualified renewable energy facility" means an electric
10 generating facility powered by wind or solar energy with alternating
11 current nameplate capacity of at least 10 megawatts.

12 (5) "Renewable energy" means energy produced by a solar or wind
13 facility with a nameplate capacity sufficient to generate at least 10
14 megawatts of alternating current power.

15 (6) "Renewable energy generating system" means a set of devices
16 whose primary purpose is to produce electricity by means of any
17 combination of collecting, transferring, or converting renewable
18 energy.

19 (7) "Renewable energy storage capacity" means the battery storage
20 capacity per megawatt-hour.

21 (8) "Repowered" means the rebuild or refurbishment of a majority
22 of the wind or solar energy facility due to the facility reaching the
23 end of its useful life or useful reasonable economic life as
24 determined by the county assessor. The rebuild or refurbishment does
25 not constitute repowering if it is part of routine major maintenance
26 or the maintenance of or replacement of equipment that does not
27 materially affect the expected physical or economic life of the
28 facility.

29 NEW SECTION. **Sec. 102.** A new section is added to chapter 84.36
30 RCW to read as follows:

31 (1)(a) All personal property used primarily for the generation of
32 renewable energy in a qualified renewable energy facility that
33 becomes operational on or after January 1, 2028, or a renewable
34 energy facility that is repowered on or after January 1, 2028, is
35 exempt from property taxation.

36 (b) All personal property used primarily for the generation of
37 renewable energy in a qualified renewable energy facility that became
38 operational before January 1, 2028, meets the conditions in section

1 106 of this act, and opts into the tax imposed under section 103 of
2 this act is exempt from property taxation.

3 (2)(a) All personal property used primarily for a battery
4 electric storage system that becomes operational on or after January
5 1, 2028, or that is repowered on or after January 1, 2028, is exempt
6 from property taxation.

7 (b) All personal property used primarily for the energy storage
8 in a qualified renewable energy facility that became operational
9 before January 1, 2028, meets the conditions of section 106 of this
10 act, and opts into the tax imposed under section 103 of this act is
11 exempt from property taxation.

12 (3)(a) Each qualified renewable energy facility and battery
13 electric storage system in this state must annually, on or before the
14 15th day of March, make and file with the department an annual report
15 as to the location and nameplate capacity, energy storage capacity,
16 and repowering of the personal property exempt under this section, as
17 well as any other information required by the department.

18 (b) The department must provide each respective county treasurer
19 and county assessor a copy of the report filed under (a) of this
20 subsection.

21 (4) The department may adopt such rules in accordance with
22 chapter 34.05 RCW and prescribe such forms as it deems necessary and
23 appropriate to implement and administer this section.

24 (5) The definitions in section 101 of this act apply throughout
25 this section.

26 NEW SECTION. **Sec. 103.** A new section is added to chapter 82.96
27 RCW to read as follows:

28 (1)(a) Beginning January 1, 2028, a state renewable energy excise
29 tax is imposed and collected on the privilege of using a renewable
30 energy generating system for an electric power source in the state.
31 This tax applies to renewable energy generating systems:

32 (i) That begin operation on or after January 1, 2028; or

33 (ii) For systems in operation prior to January 1, 2028, when one
34 of the following occur:

35 (A) The repowering of a project; or

36 (B) The project developer opts into the renewable energy excise
37 tax pursuant to section 106 of this act.

38 (b) Beginning January 1, 2028, a state renewable energy excise
39 tax is imposed and collected on the privilege of using a battery

1 electric storage system. This tax applies to battery electric storage
2 systems:

3 (i) That begin operation on or after January 1, 2028; or

4 (ii) For systems in operation before January 1, 2028, when one of
5 the following occur:

6 (A) The repowering of a project; or

7 (B) The project developer opts into the renewable energy excise
8 tax pursuant to section 106 of this act.

9 (2) The taxes must be paid monthly in the manner and form
10 prescribed by the department.

11 (3) The taxes imposed by this chapter are in addition to any
12 taxes imposed upon the same persons under chapter 82.04 or 82.16 RCW.

13 (4) The moneys from this tax must be deposited into the local
14 investment distribution account created in section 116 of this act.

15 NEW SECTION. **Sec. 104.** A new section is added to chapter 36.29
16 RCW to read as follows:

17 (1) Beginning January 1, 2028, the legislative body of any county
18 may impose a local renewable energy excise tax for the privilege of
19 using a battery electric storage system or a renewable energy
20 generating system for an electric power source in the state. This tax
21 applies to battery electric storage systems and renewable energy
22 generating systems:

23 (a) That begin operation on or after January 1, 2028; or

24 (b) For systems in operation prior to January 1, 2028, when one
25 of the following occur:

26 (i) The repowering of a project; or

27 (ii) The project developer opts into the renewable energy excise
28 tax pursuant to section 106 of this act.

29 (2) The application of the tax is subject to the conditions of
30 this chapter and is in addition to any taxes imposed upon the same
31 persons under section 103 of this act or chapter 82.04 or 82.16 RCW.

32 (3) The rate of the tax is established in section 105 of this
33 act. The taxes must be paid monthly in the manner and form prescribed
34 by the county treasurer.

35 (4) The county treasurer shall distribute any revenues received
36 under this section to each appropriate local taxing district in the
37 county that reflects the pro rata share of the property tax rate in
38 the prior tax year of the district in accordance with RCW 84.56.230,

1 except any voter-approved excess property tax levies within a taxing
2 district authorized after January 1, 2028.

3 (5) The definitions in section 101 of this act apply throughout
4 this section.

5 NEW SECTION. **Sec. 105.** A new section is added to chapter 82.96
6 RCW to read as follows:

7 (1) The rates of the state and local renewable energy excise
8 taxes authorized in sections 103 and 104 of this act on renewable
9 energy generating systems are as follows:

10 (a)(i) The state renewable energy excise tax rate is \$968 per
11 year per megawatt of nameplate capacity of alternating current power
12 for a renewable energy generating system that uses solar energy to
13 generate electricity.

14 (ii) The local renewable energy excise tax rate is \$2,905 per
15 year per megawatt of nameplate capacity of alternating current power
16 for a renewable energy generating system that uses solar energy to
17 generate electricity.

18 (b)(i) The state renewable excise tax rate is \$1,286 per year per
19 megawatt of nameplate capacity of alternating current power for a
20 renewable energy generating system that uses wind energy to generate
21 electricity.

22 (ii) The local renewable energy excise tax rate is \$3,857 per
23 year per megawatt of nameplate capacity of alternating current power
24 for a renewable energy generating system that uses wind energy to
25 generate electricity.

26 (2) The rates of the state and local renewable energy excise
27 taxes authorized in sections 103 and 104 of this act on battery
28 electric storage system are as follows:

29 (a) The state renewable energy excise tax is \$156 per megawatt-
30 hour of battery electric storage system capacity.

31 (b) The local renewable energy excise tax is \$467 per megawatt-
32 hour of battery electric storage system capacity.

33 (3) The rates in this section apply for the lifetime of the
34 renewable energy generating system or the battery electric storage
35 system or until the renewable energy generating system or the battery
36 electric storage system repowers.

37 NEW SECTION. **Sec. 106.** A new section is added to chapter 82.96
38 RCW to read as follows:

1 (1) A renewable energy generating facility or a battery electric
2 storage system under construction before January 1, 2028, and not on
3 the county property tax rolls may opt into the tax imposed under
4 sections 103 and 104 of this act and receive a property tax exemption
5 under section 102 of this act if:

6 (a) The renewable energy generating facility or battery electric
7 storage system notifies the department and the county assessor in
8 which the project is located that they intend to opt into the tax
9 imposed under sections 103 and 104 of this act before beginning
10 construction; and

11 (b) The legislative authority of the county in which the
12 renewable energy generating facility or battery electric storage
13 system is located has authorized the imposition of a local renewable
14 energy excise tax.

15 (2)(a) A renewable energy generating facility or battery electric
16 storage system operating before January 1, 2028, may opt into the tax
17 imposed under sections 103 and 104 of this act after the renewable
18 energy generating facility or a battery electric storage system has
19 been in operation for at least 25 years so long as the county imposes
20 the local renewable energy excise tax.

21 (b) To opt in, the renewable energy generating facility or the
22 battery electric storage system must notify the department and county
23 assessor of their intent to opt in by July 1st in order to claim a
24 personal property tax exemption under section 102 of this act and for
25 state and local renewable energy excise taxes to be assessed
26 beginning January 1st of the next calendar year.

27 (c) Notice must occur in the manner and form as required by the
28 department and the county assessor. The county assessor must
29 determine that the renewable energy generating facility or battery
30 electric storage system meets the required years of operation.

31 (3) The personal property tax exemption in section 102 of this
32 act and the taxes imposed pursuant sections 103 and 104 of this act
33 automatically apply to a renewable energy generating facility or a
34 battery electric storage system operating before January 1, 2028,
35 after the facility or system has operated for 35 years as determined
36 by the county assessor.

37 NEW SECTION. **Sec. 107.** A new section is added to chapter 82.96
38 RCW to read as follows:

1 (1) Beginning January 1, 2028, the legislative authority of a
2 county may impose a special local renewable energy excise tax if (a)
3 a local taxing district within the county imposes an excess levy as
4 authorized pursuant to RCW 84.52.052, or (b) a school district
5 imposes a levy as authorized pursuant to RCW 84.52.053 or 84.52.0531
6 after the effective date of this section.

7 (2)(a) The applicable local renewable energy excise rate
8 established in section 105 of this act must be multiplied by the
9 excess levy increment as provided in this subsection to determine the
10 special local renewable energy excise tax rate.

11 (b) The rate of the excess levy increment is calculated by
12 dividing the sum of the applicable county and junior taxing district
13 property levy rates by the applicable excess levy rate. This is the
14 excess levy increment unless:

15 (i) The excess levy increment exceeds five percent and there is
16 only a single excess levy, in which case five percent must be used in
17 the calculation of the special local renewable energy excise tax
18 under this section; or

19 (ii) Multiple taxing districts impose excess levies, in which
20 case the excess levy increment for all the multiple taxing districts
21 must be combined and may not exceed 10 percent in total.

22 (3) The special local renewable tax rate may be adjusted annually
23 to accommodate new and expiring excess levies and expires at the same
24 time as the corresponding levy.

25 (4) The proceeds of the special local renewable tax must be
26 distributed to the taxing districts that are imposing the excess
27 levy.

28 NEW SECTION. **Sec. 108.** The joint legislative audit and review
29 committee must review the tax rates contained in section 105 of this
30 act and report to the legislature by October 31, 2031. The report
31 must include:

32 (1) Estimates of what the taxpayer would have paid over the life
33 cycle of the renewable energy generating facilities and battery
34 electric storage systems if the property remained subject to property
35 taxes. The estimate must consider assumptions including the cost to
36 construct, federal tax credits, trend factors, depreciation, and the
37 average county tax rates across Washington;

1 (2) Comparisons to the renewable energy generating facilities'
2 and battery electric storage systems' economic and tax environments
3 of other states;

4 (3) An evaluation of any changes in the average per megawatt
5 construction costs for different types of projects, the value of any
6 federal or state tax incentives, the impact of technology
7 improvements on the costs to construct projects, and any change in
8 the annual project equipment depreciation guidelines compared to the
9 previous five-year period; and

10 (4) (a) Recommendations, based on the findings, regarding future
11 rate adjustments to ensure that taxpayers, the state, and local
12 taxing districts are not disadvantaged by the renewable energy excise
13 tax when new renewable energy generating systems and battery electric
14 storage systems are subject to the renewable energy excise tax.

15 (b) The report must not recommend changes to the renewable energy
16 excise tax rate for renewable energy generating systems and battery
17 electric storage systems that are paying the taxes imposed by this
18 act.

19 (c) The legislature intends that any future rate adjustments will
20 be announced three years before the effective date of the rate change
21 and that rate changes will not occur before January 1, 2034.

22 (5) The joint legislative audit and review committee shall
23 collect data from the department of revenue, county assessors, and
24 other relevant entities during the course of its review.

25 NEW SECTION. **Sec. 109.** A new section is added to chapter 82.96
26 RCW to read as follows:

27 All of the provisions contained in chapter 82.32 RCW not
28 inconsistent with this chapter have full force and application with
29 respect to taxes imposed under this chapter.

30 NEW SECTION. **Sec. 110.** A new section is added to chapter 82.96
31 RCW to read as follows:

32 The department may adopt such rules in accordance with chapter
33 34.05 RCW, and prescribe such forms, as it deems necessary and
34 appropriate to implement and administer this chapter.

35 **Sec. 111.** RCW 84.55.010 and 2025 c 417 s 1311 are each amended
36 to read as follows:

1 (1) Except as provided in this chapter, the levy for a taxing
2 district in any year must be set so that the regular property taxes
3 payable in the following year do not exceed the limit factor
4 multiplied by the amount of regular property taxes lawfully levied
5 for such district in the highest of the three most recent years in
6 which such taxes were levied for such district, excluding any
7 increase due to (e) of this subsection, unless the highest levy was
8 the statutory maximum rate amount, plus an additional dollar amount
9 calculated by multiplying the regular property tax levy rate of that
10 district for the preceding year by the increase in assessed value in
11 that district resulting from:

12 (a) New construction;

13 (b) Increases in assessed value due to construction of (~~wind~~
14 ~~turbine, solar,~~) biomass(~~(r)~~) and geothermal facilities, if such
15 facilities generate electricity and the property is not included
16 elsewhere under this section for purposes of providing an additional
17 dollar amount. The property may be classified as real or personal
18 property;

19 (c) Improvements to property;

20 (d) Any increase in the assessed value of state-assessed
21 property; and

22 (e) Any increase in the assessed value of real property, as that
23 term is defined in RCW 39.114.010, within an increment area as
24 designated by any local government in RCW 39.114.020 provided that
25 such increase is not included elsewhere under this section. This
26 subsection (1)(e) does not apply to levies by the state or by port
27 districts and public utility districts for the purpose of making
28 required payments of principal and interest on general indebtedness.
29 For the purposes of this subsection (1)(e), "increment area" does not
30 include increment areas that are not approved by the taxing
31 district's governing body for participation in the tax increment
32 project pursuant to RCW 39.114.020(1)(c)(ii)(D).

33 (2) The requirements of this section do not apply to:

34 (a) State property taxes levied under RCW 84.52.065(1) for
35 collection in calendar years 2019 through 2021; and

36 (b) State property taxes levied under RCW 84.52.065(2) for
37 collection in calendar years 2018 through 2021.

38 **Sec. 112.** RCW 84.55.020 and 2025 c 417 s 1312 are each amended
39 to read as follows:

1 Notwithstanding the limitation set forth in RCW 84.55.010, the
2 first levy for a taxing district created from consolidation of
3 similar taxing districts must be set so that the regular property
4 taxes payable in the following year do not exceed the limit factor
5 multiplied by the sum of the amount of regular property taxes each
6 component taxing district could have levied under RCW 84.55.092 plus
7 the additional dollar amount calculated by multiplying the regular
8 property tax rate of each component district for the preceding year
9 by the increase in assessed value in each component district
10 resulting from:

11 (1) New construction;

12 (2) Increases in assessed value due to construction of (~~wind~~
13 ~~turbine, solar,~~) biomass(~~(r)~~) and geothermal facilities, if such
14 facilities generate electricity and the property is not included
15 elsewhere under this section for purposes of providing an additional
16 dollar amount. The property may be classified as real or personal
17 property;

18 (3) Improvements to property;

19 (4) Any increase in the assessed value of state-assessed
20 property; and

21 (5) Any increase in the assessed value of real property, as
22 defined in RCW 39.114.010, within an increment area as designated by
23 any local government under RCW 39.114.020 if the increase is not
24 included elsewhere under this section. This subsection (5) does not
25 apply to levies by the state or by port districts and public utility
26 districts for the purpose of making required payments of principal
27 and interest on general indebtedness. For the purposes of this
28 subsection (5), "increment area" does not include increment areas
29 that are not approved by the taxing district's governing body for
30 participation in the tax increment project pursuant to RCW
31 39.114.020(1)(c)(ii)(D).

32 **Sec. 113.** RCW 84.55.030 and 2025 c 417 s 1313 are each amended
33 to read as follows:

34 For the first levy for a taxing district following annexation of
35 additional property, the limitation set forth in RCW 84.55.010 must
36 be increased by an amount equal to the aggregate assessed valuation
37 of the newly annexed property as shown by the current completed and
38 balanced tax rolls of the county or counties within which such
39 property lies, multiplied by the dollar rate that would have been

1 used by the annexing unit in the absence of such annexation, plus the
2 additional dollar amount calculated by multiplying the regular
3 property tax levy rate of that annexing taxing district for the
4 preceding year by the increase in assessed value in the annexing
5 district resulting from:

6 (1) New construction;

7 (2) Increases in assessed value due to construction of (~~wind~~
8 ~~turbine, solar,~~) biomass((~~r~~)) and geothermal facilities, if such
9 facilities generate electricity and the property is not included
10 elsewhere under this section for purposes of providing an additional
11 dollar amount. The property may be classified as real or personal
12 property;

13 (3) Improvements to property;

14 (4) Any increase in the assessed value of state-assessed
15 property; and

16 (5) Any increase in the assessed value of real property, as
17 defined in RCW 39.114.010, within an increment area as designated by
18 any local government in RCW 39.114.020 if the increase is not
19 included elsewhere under this section. This subsection does not apply
20 to levies by the state or by port districts or public utility
21 districts for the purpose of making required payments of principal
22 and interest on general indebtedness. For the purposes of this
23 subsection (5), "increment area" does not include increment areas
24 that are not approved by the taxing district's governing body for
25 participation in the tax increment project pursuant to RCW
26 39.114.020(1)(c)(ii)(D).

27 **Sec. 114.** RCW 84.55.120 and 2025 c 417 s 1314 are each amended
28 to read as follows:

29 (1) A taxing district, other than the state, that collects
30 regular levies must hold a public hearing on revenue sources for the
31 district's following year's current expense budget. The hearing must
32 include consideration of possible increases in property tax revenues
33 and must be held prior to the time the taxing district levies the
34 taxes or makes the request to have the taxes levied. The county
35 legislative authority, or the taxing district's governing body if the
36 district is a city, town, or other type of district, must hold the
37 hearing. For purposes of this section, "current expense budget" means
38 that budget which is primarily funded by taxes and charges and
39 reflects the provision of ongoing services. It does not mean the

1 capital, enterprise, or special assessment budgets of cities, towns,
2 counties, or special purpose districts.

3 (2) If the taxing district is otherwise required to hold a public
4 hearing on its proposed regular tax levy, a single public hearing may
5 be held on this matter.

6 (3)(a) Except as provided in (b) of this subsection (3), no
7 increase in property tax revenue may be authorized by a taxing
8 district, other than the state, except by adoption of a separate
9 ordinance or resolution, pursuant to notice, specifically authorizing
10 the increase in terms of both dollars and percentage. The ordinance
11 or resolution may cover a period of up to two years, but the
12 ordinance must specifically state for each year the dollar increase
13 and percentage change in the levy from the previous year.

14 (b) Exempt from the requirements of (a) of this subsection are
15 increases in revenue resulting from the addition of:

16 (i) New construction;

17 (ii) Increases in assessed value due to construction of (~~wind~~
18 ~~turbine, solar,~~) biomass(~~(r)~~) and geothermal facilities, if such
19 facilities generate electricity and the property is not included
20 elsewhere under this section for purposes of providing an additional
21 dollar amount. The property may be classified as real or personal
22 property;

23 (iii) Improvements to property;

24 (iv) Any increase in the value of state-assessed property; and

25 (v) Any increase in the assessed value of real property, as that
26 term is defined in RCW 39.114.010, within an increment area as
27 designated by any local government in RCW 39.114.020 provided that
28 such increase is not included elsewhere under this section. This
29 subsection (3)(b)(v) does not apply to levies by the state or by port
30 districts and public utility districts for the purpose of making
31 required payments of principal and interest on general indebtedness.
32 For the purposes of this subsection (3)(b)(v), "increment area" does
33 not include increment areas that are not approved by the taxing
34 district's governing body for participation in the tax increment
35 project pursuant to RCW 39.114.020(1)(c)(ii)(D).

36 **Sec. 115.** RCW 82.32.330 and 2022 c 56 s 9 are each amended to
37 read as follows:

38 (1) For purposes of this section:

1 (a) "Disclose" means to make known to any person in any manner
2 whatever a return or tax information;

3 (b) "Return" means a tax or information return or claim for
4 refund required by, or provided for or permitted under, the laws of
5 this state which is filed with the department of revenue by, on
6 behalf of, or with respect to a person, and any amendment or
7 supplement thereto, including supporting schedules, attachments, or
8 lists that are supplemental to, or part of, the return so filed;

9 (c) "Tax information" means (i) a taxpayer's identity, (ii) the
10 nature, source, or amount of the taxpayer's income, payments,
11 receipts, deductions, exemptions, credits, assets, liabilities, net
12 worth, tax liability deficiencies, overassessments, or tax payments,
13 whether taken from the taxpayer's books and records or any other
14 source, (iii) whether the taxpayer's return was, is being, or will be
15 examined or subject to other investigation or processing, (iv) a part
16 of a written determination that is not designated as a precedent and
17 disclosed pursuant to RCW 82.32.410, or a background file document
18 relating to a written determination, and (v) other data received by,
19 recorded by, prepared by, furnished to, or collected by the
20 department of revenue with respect to the determination of the
21 existence, or possible existence, of liability, or the amount
22 thereof, of a person under the laws of this state for a tax, penalty,
23 interest, fine, forfeiture, or other imposition, or offense. However,
24 data, material, or documents that do not disclose information related
25 to a specific or identifiable taxpayer do not constitute tax
26 information under this section. Except as provided by RCW 82.32.410,
27 nothing in this chapter requires any person possessing data,
28 material, or documents made confidential and privileged by this
29 section to delete information from such data, material, or documents
30 so as to permit its disclosure;

31 (d) "State agency" means every Washington state office,
32 department, division, bureau, board, commission, or other state
33 agency;

34 (e) "Taxpayer identity" means the taxpayer's name, address,
35 telephone number, registration number, or any combination thereof, or
36 any other information disclosing the identity of the taxpayer; and

37 (f) "Department" means the department of revenue or its officer,
38 agent, employee, or representative.

39 (2) Returns and tax information are confidential and privileged,
40 and except as authorized by this section, neither the department of

1 revenue nor any other person may disclose any return or tax
2 information.

3 (3) This section does not prohibit the department of revenue
4 from:

5 (a) Disclosing such return or tax information in a civil or
6 criminal judicial proceeding or an administrative proceeding:

7 (i) In respect of any tax imposed under the laws of this state if
8 the taxpayer or its officer or other person liable under this title
9 or chapter 83.100 RCW is a party in the proceeding;

10 (ii) In which the taxpayer about whom such return or tax
11 information is sought and another state agency are adverse parties in
12 the proceeding; or

13 (iii) Brought by the department under RCW 18.27.040 or 19.28.071;

14 (b) Disclosing, subject to such requirements and conditions as
15 the director prescribes by rules adopted pursuant to chapter 34.05
16 RCW, such return or tax information regarding a taxpayer to such
17 taxpayer or to such person or persons as that taxpayer may designate
18 in a request for, or consent to, such disclosure, or to any other
19 person, at the taxpayer's request, to the extent necessary to comply
20 with a request for information or assistance made by the taxpayer to
21 such other person. However, tax information not received from the
22 taxpayer must not be so disclosed if the director determines that
23 such disclosure would compromise any investigation or litigation by
24 any federal, state, or local government agency in connection with the
25 civil or criminal liability of the taxpayer or another person, or
26 that such disclosure would identify a confidential informant, or that
27 such disclosure is contrary to any agreement entered into by the
28 department that provides for the reciprocal exchange of information
29 with other government agencies which agreement requires
30 confidentiality with respect to such information unless such
31 information is required to be disclosed to the taxpayer by the order
32 of any court;

33 (c) Disclosing the name of a taxpayer against whom a warrant
34 under RCW 82.32.210 has been either issued or filed and remains
35 outstanding for a period of at least ten working days. The department
36 is not required to disclose any information under this subsection if
37 a taxpayer has entered a deferred payment arrangement with the
38 department for the payment of a warrant that has not been filed and
39 is making payments upon such deficiency that will fully satisfy the
40 indebtedness within twelve months;

1 (d) Publishing statistics so classified as to prevent the
2 identification of particular returns or reports or items thereof;

3 (e) Disclosing such return or tax information, for official
4 purposes only, to the governor or attorney general, or to any state
5 agency, or to any committee or subcommittee of the legislature
6 dealing with matters of taxation, revenue, trade, commerce, the
7 control of industry or the professions;

8 (f) Permitting the department of revenue's records to be audited
9 and examined by the proper state officer, his or her agents and
10 employees;

11 (g) Disclosing any such return or tax information to a peace
12 officer as defined in RCW 9A.04.110 or county prosecuting attorney,
13 for official purposes. The disclosure may be made only in response to
14 a search warrant, subpoena, or other court order, unless the
15 disclosure is for the purpose of criminal tax enforcement. A peace
16 officer or county prosecuting attorney who receives the return or tax
17 information may disclose that return or tax information only for use
18 in the investigation and a related court proceeding, or in the court
19 proceeding for which the return or tax information originally was
20 sought;

21 (h) Disclosing any such return or tax information to the proper
22 officer of the internal revenue service of the United States, the
23 Canadian government or provincial governments of Canada, or to the
24 proper officer of the tax department of any state or city or town or
25 county, for official purposes, but only if the statutes of the United
26 States, Canada or its provincial governments, or of such other state
27 or city or town or county, as the case may be, grants substantially
28 similar privileges to the proper officers of this state;

29 (i) Disclosing any such return or tax information to the United
30 States department of justice, including the bureau of alcohol,
31 tobacco, firearms and explosives, the department of defense, the
32 immigration and customs enforcement and the customs and border
33 protection agencies of the United States department of homeland
34 security, the United States coast guard, the alcohol and tobacco tax
35 and trade bureau of the United States department of treasury, and the
36 United States department of transportation, or any authorized
37 representative of these federal agencies, for official purposes;

38 (j) Publishing or otherwise disclosing the text of a written
39 determination designated by the director as a precedent pursuant to
40 RCW 82.32.410;

1 (k) Disclosing, in a manner that is not associated with other tax
2 information, the taxpayer name, entity type, business address,
3 mailing address, revenue tax registration numbers, reseller permit
4 numbers and the expiration date and status of such permits, North
5 American industry classification system or standard industrial
6 classification code of a taxpayer, and the dates of opening and
7 closing of business. This subsection may not be construed as giving
8 authority to the department to give, sell, or provide access to any
9 list of taxpayers for any commercial purpose;

10 (l) Disclosing such return or tax information that is also
11 maintained by another Washington state or local governmental agency
12 as a public record available for inspection and copying under the
13 provisions of chapter 42.56 RCW or is maintained by a court of record
14 and is not otherwise prohibited from disclosure;

15 (m) Disclosing such return or tax information to the United
16 States department of agriculture for the limited purpose of
17 investigating food stamp fraud by retailers;

18 (n) Disclosing to a financial institution, escrow company, or
19 title company, in connection with specific real property that is the
20 subject of a real estate transaction, current amounts due the
21 department for a filed tax warrant, judgment, or lien against the
22 real property;

23 (o) Disclosing to a person against whom the department has
24 asserted liability as a successor under RCW 82.32.140 return or tax
25 information pertaining to the specific business of the taxpayer to
26 which the person has succeeded;

27 (p) Disclosing real estate excise tax affidavit forms filed under
28 RCW 82.45.150 in the possession of the department, including real
29 estate excise tax affidavit forms for transactions exempt or
30 otherwise not subject to tax;

31 (q) Disclosing to local taxing jurisdictions the identity of
32 sellers granted relief under RCW 82.32.430(5)(b)(i) and the period
33 for which relief is granted;

34 (r) Disclosing such return or tax information to the court in
35 respect to the department's application for a subpoena under RCW
36 82.32.117;

37 (s) Disclosing to a person against whom the department has
38 asserted liability under RCW 83.100.120 return or tax information
39 pertaining to that person's liability for tax under chapter 83.100
40 RCW;

1 (t) Disclosing such return or tax information to the streamlined
2 sales tax governing board, member states of the streamlined sales tax
3 governing board, or authorized representatives of such board or
4 states, for the limited purposes of:

5 (i) Conducting on behalf of member states sales and use tax
6 audits of taxpayers; or

7 (ii) Auditing certified service providers or certified automated
8 systems providers;

9 (u) Disclosing any such return or tax information when the
10 disclosure is specifically authorized under any other section of the
11 Revised Code of Washington;

12 (v) Disclosing to an individual to whom the department has issued
13 an assessment under RCW 82.32.145 for unpaid trust fund taxes of a
14 defunct or insolvent entity, return or tax information of that entity
15 pertaining to those unpaid trust fund taxes;

16 (w) Disclosing any such return or tax information pursuant to a
17 federal grand jury subpoena or subpoena issued by a United States
18 attorney, only to be used in the criminal investigation and related
19 court proceedings, or in the court proceeding for which the return or
20 tax information originally was sought; (~~or~~)

21 (x) Disclosing any return or tax information to an individual
22 when the return or tax information is related directly to that
23 person's individual liability, as part of a marital community, for
24 amounts due under a warrant issued under the authority of RCW
25 59.30.090 or 82.32.210; or

26 (y) Disclosing to local taxing officials, including county
27 assessors or treasurers, the identity and tax information of persons
28 subject to the renewable energy excise tax under sections 103 and 104
29 of this act.

30 (4) (a) The department may disclose return or taxpayer information
31 to a person under investigation or during any court or administrative
32 proceeding against a person under investigation as provided in this
33 subsection (4). The disclosure must be in connection with the
34 department's official duties relating to an audit, collection
35 activity, or a civil or criminal investigation. The disclosure may
36 occur only when the person under investigation and the person in
37 possession of data, materials, or documents are parties to the return
38 or tax information to be disclosed. The department may disclose
39 return or tax information such as invoices, contracts, bills,
40 statements, resale or exemption certificates, or checks. However, the

1 department may not disclose general ledgers, sales or cash receipt
2 journals, check registers, accounts receivable/payable ledgers,
3 general journals, financial statements, expert's workpapers, income
4 tax returns, state tax returns, tax return workpapers, or other
5 similar data, materials, or documents.

6 (b) Before disclosure of any tax return or tax information under
7 this subsection (4), the department must, through written
8 correspondence, inform the person in possession of the data,
9 materials, or documents to be disclosed. The correspondence must
10 clearly identify the data, materials, or documents to be disclosed.
11 The department may not disclose any tax return or tax information
12 under this subsection (4) until the time period allowed in (c) of
13 this subsection has expired or until the court has ruled on any
14 challenge brought under (c) of this subsection.

15 (c) The person in possession of the data, materials, or documents
16 to be disclosed by the department has twenty days from the receipt of
17 the written request required under (b) of this subsection to petition
18 the superior court of the county in which the petitioner resides for
19 injunctive relief. The court must limit or deny the request of the
20 department if the court determines that:

21 (i) The data, materials, or documents sought for disclosure are
22 cumulative or duplicative, or are obtainable from some other source
23 that is more convenient, less burdensome, or less expensive;

24 (ii) The production of the data, materials, or documents sought
25 would be unduly burdensome or expensive, taking into account the
26 needs of the department, the amount in controversy, limitations on
27 the petitioner's resources, and the importance of the issues at
28 stake; or

29 (iii) The data, materials, or documents sought for disclosure
30 contain trade secret information that, if disclosed, could harm the
31 petitioner.

32 (d) The department must reimburse reasonable expenses for the
33 production of data, materials, or documents incurred by the person in
34 possession of the data, materials, or documents to be disclosed.

35 (e) Requesting information under (b) of this subsection that may
36 indicate that a taxpayer is under investigation does not constitute a
37 disclosure of tax return or tax information under this section.

38 (5) Service of a subpoena issued under RCW 82.32.117 does not
39 constitute a disclosure of return or tax information under this
40 section. Notwithstanding anything else to the contrary in this

1 section, a person served with a subpoena under RCW 82.32.117 may
2 disclose the existence or content of the subpoena to that person's
3 legal counsel.

4 (6) Any person acquiring knowledge of any return or tax
5 information in the course of his or her employment with the
6 department of revenue and any person acquiring knowledge of any
7 return or tax information as provided under subsection (3) (e), (f),
8 (g), (h), (i), (m), (v), and (w) of this section, who discloses any
9 such return or tax information to another person not entitled to
10 knowledge of such return or tax information under the provisions of
11 this section, is guilty of a misdemeanor. If the person guilty of
12 such violation is an officer or employee of the state, such person
13 must forfeit such office or employment and is incapable of holding
14 any public office or employment in this state for a period of two
15 years thereafter.

16 NEW SECTION. **Sec. 116.** A new section is added to chapter 82.96
17 RCW to read as follows:

18 The local investment distribution account is created in the state
19 treasury. All receipts from the state renewable energy excise tax
20 imposed by section 103 of this act must be deposited into the
21 account. Expenditures from the account may be used for the local
22 investment distributions contained in sections 202 and 203 of this
23 act.

24 **PART II**

25 **LOCAL COMMUNITY INVESTMENTS**

26 NEW SECTION. **Sec. 201.** It is the intent of the legislature to
27 create favorable conditions that result in investments in communities
28 hosting renewable energy project development. Encouraging such
29 developments, including by increasing revenues for local governments,
30 will help achieve state clean energy goals under the clean energy
31 transformation act, achieve energy reliability and affordability, and
32 ensure that the economic benefits of these projects accrue to the
33 benefit of the local community.

34 NEW SECTION. **Sec. 202.** A new section is added to chapter 43.63A
35 RCW to read as follows:

1 (1) The department shall establish the renewable energy
2 development local investment distribution program.

3 (a) Subject to the availability of amounts appropriated for this
4 purpose, the department must provide funds through the program to
5 each county that hosts a qualifying energy project under this
6 section. The total distribution under this subsection must be in a
7 proportion equal to the amount of state excise tax under section 103
8 of this act attributable to a county during the previous tax
9 reporting period.

10 (b) (i) Except for a rural county as defined in RCW 82.14.370,
11 each county must distribute funds received from the department to the
12 local taxing districts within the county in which each qualifying
13 energy project is located, according to the taxing district's
14 relative share of the local property tax levy.

15 (ii) For distributions for qualifying energy projects in a rural
16 county, as defined in RCW 82.14.370, the rural county may elect to
17 retain the full amount provided by the department, without
18 distribution to local taxing districts.

19 (2) (a) In order for a county to be eligible to receive funds in a
20 proportion equal to the amount of state excise tax under section 103
21 of this act attributable to a county, the department must determine
22 that:

23 (i) The qualifying energy project is located in the county, and
24 the project was operating before January 1, 2029; or

25 (ii) The qualifying energy project is located in the county, and
26 the county has adopted or substantially adopted the model ordinance
27 published by the department under section 203 of this act. For the
28 purposes of this section, "substantially adopted" means, in the
29 opinion of the department, the county has adopted development
30 regulations that achieve the intent of the model ordinance published
31 by the department, are not more restrictive or burdensome than the
32 model ordinance, and do not unnecessarily impede the development of
33 renewable energy projects within the county.

34 (b) In order for a county to be determined to be eligible to
35 receive funds under this subsection (2) for a project that applies to
36 and completes the county's process for development approval and files
37 an environmental policy checklist pursuant to chapter 43.21C RCW
38 after the effective date of this section, a county must include in
39 its development regulations that:

40 (i) A qualifying energy project developer must:

1 (A) Initiate and document the offer to conduct early and
2 meaningful engagement, before the submission of an environmental
3 policy checklist under chapter 43.21C RCW, related to the qualifying
4 energy project with each federally recognized Indian tribe within
5 whose ceded territory and usual and accustomed area the qualifying
6 energy project is proposed to be located in a manner that recognizes
7 the sovereignty and legal rights of the tribe, with the objective of
8 agreeing on a plan for protecting the archaeological and cultural
9 resources that are potentially affected by the project;

10 (B) Notify, and offer to meet with, the department of archaeology
11 and historic preservation regarding the geographical location,
12 detailed scope of the proposed project, preliminary application
13 details available to federal, state, or local jurisdictions, and all
14 publicly available materials, with the objective of agreeing on a
15 plan for protecting the archaeological and cultural resources that
16 are potentially affected by the project; and

17 (C) Survey the proposed project site in a manner that reflects
18 input solicited from the department of archaeology and historic
19 preservation and each federally recognized Indian tribe whose lands
20 described in this section are impacted, if any such input is received
21 by the project developer within 60 days of the notification in
22 (b) (i) (B) of this subsection (2); and

23 (ii) The county may condition an application by a qualifying
24 energy project developer in accordance with a plan agreement between
25 the qualifying energy project developer and either the federally
26 recognized Indian tribe or the department of archaeology and historic
27 preservation, or both, for protecting the archaeological cultural
28 resources that are potentially affected by the project.

29 (3) A qualifying energy project may be eligible under this
30 section if the project has received applicable permits under the
31 energy facility site evaluation council process established in
32 chapter 80.50 RCW, the clean energy coordinated permit process
33 pursuant to RCW 43.394.020, or through permit processes overseen by
34 the city or county.

35 (4) (a) The department must establish an application process for
36 the program.

37 (b) The department may charge a reasonable fee for administrative
38 costs. Fees must be deposited in the local investment distribution
39 account created in section 116 of this act.

1 (5) Beginning in fiscal year 2029, the legislature intends to
2 dedicate at least 75 percent of the local investment distribution
3 account appropriations each biennium to the funding of the local
4 investment distribution program described in this section. It is the
5 intent of the legislature to apply any balance in the local
6 investment distribution account that is in excess of the eligible
7 expenses for the local investment distribution program under this
8 section first to the tribal capacity grant program in section 204 of
9 this act in amount not to exceed a total of \$21,500,000 each biennium
10 and second to the general fund.

11 (6) Nothing in this section limits the authority of a county or
12 city to administratively object to or legally appeal a qualifying
13 energy project or component thereof or to be eligible for grant funds
14 under this section if they file such an objection or appeal.

15 (7) For purposes of this section, the following definitions
16 apply:

17 (a) (i) "Energy storage system" means commercially available
18 technology that is capable of retaining electricity, storing the
19 energy for a period of time, and delivering the electricity after
20 storage by chemical, thermal, mechanical, or other means.

21 (ii) "Energy storage system" does not include a solar or wind
22 energy production facility.

23 (b) "Qualifying energy project" means an energy storage system, a
24 wind or solar energy production facility, associated facilities, or
25 any combination thereof, constructed after the effective date of this
26 section.

27 NEW SECTION. **Sec. 203.** A new section is added to chapter 43.63A
28 RCW to read as follows:

29 (1) (a) The department shall provide technical assistance and
30 ongoing liaison support to local governments, including methods and
31 best practices for siting qualifying energy projects specified in
32 section 202 of this act, for use by local governments.

33 (b) As part of this work, the department must develop and publish
34 a model ordinance applicable to the siting of qualifying energy
35 projects specified in section 202 of this act by July 1, 2028. The
36 model ordinance must include, but is not limited to, standards for
37 the decommissioning of and provision of financial assurance for wind
38 energy facilities and means to avoid detrimental impact to natural
39 resources and cultural resource areas. The model ordinance must also

1 consider local government compliance with the growth management act.
2 The department must consider whether the model ordinance should
3 specify or encourage expedited timelines for permit review that are
4 adhered to by the county or city. The department must develop the
5 model ordinance in consultation with qualifying energy project
6 developers, qualifying energy project owners, counties, federally
7 recognized tribes, and other interested stakeholders.

8 (2) Effective six months after the department's publication of a
9 model ordinance under subsection (1) of this section, to be eligible
10 for the grant program in section 202 of this act, a county or city
11 ordinance or other restriction that limits the siting of a qualifying
12 energy project may not contain standards that are more restrictive or
13 burdensome than the applicable model ordinance published by the
14 department under subsection (1) of this section.

15 (3) (a) The department must review the model ordinance created in
16 this section under the provisions of chapter 43.21C RCW. To the
17 maximum extent appropriate consistent with WAC 197-11-600 as it
18 existed as of the effective date of this section, the department must
19 use the nonproject environmental impact statements prepared by the
20 department of ecology under RCW 43.21C.535 and by the energy facility
21 site evaluation council under RCW 43.21C.405.

22 (b) A county that adopts the model ordinance under this section
23 that has been reviewed by the department under the provisions of
24 chapter 43.21C RCW is not required to review the ordinance under the
25 provisions of chapter 43.21C RCW.

26 (4) Nothing in this section renders qualifying energy projects
27 ineligible for the grant program in section 202 of this act on the
28 basis of:

29 (a) Being located in a jurisdiction that imposes requirements,
30 standards, or restrictions on qualifying energy projects that are
31 consistent with the permit requirements, guidelines, or best
32 practices for the siting, development, or operation of qualifying
33 energy facilities imposed by a state agency or otherwise required
34 under state law; or

35 (b) Mitigation being imposed as a result of environmental review
36 under chapter 43.21C or 80.50 RCW to address a probable significant
37 adverse environmental impact.

38 (5) For purposes of this section, "qualifying energy project" has
39 the same meaning as in section 202 of this act.

1 NEW SECTION. **Sec. 204.** A new section is added to chapter 43.21A
2 RCW to read as follows:

3 (1) The department must implement an ongoing program to provide
4 biennial capacity grants to federally recognized tribes consistent
5 with this section and RCW 70A.65.250. It is the intent of the
6 legislature to fund this program in the amount of at least
7 \$21,500,000 each biennium, adjusted for inflation using the most
8 recent consumer price index.

9 (a) For purposes of fiscal year 2028, the legislature intends to
10 fund the grant program with appropriations from the climate
11 investment account created in RCW 70A.65.250.

12 (b) Beginning in fiscal year 2029, the legislature intends
13 funding for the grant program to be increasingly paid for through the
14 local investment distribution account created in section 116 of this
15 act and intends to dedicate up to 25 percent of the appropriations
16 from that account each biennium towards the total cost of the
17 program, up to a total contribution from the local investment
18 distribution account of no more than \$21,500,000 each biennium. The
19 legislature further intends for any balance necessary for the grant
20 program to be funded in an amount of at least \$21,500,000 through the
21 climate investment account created in RCW 70A.65.250.

22 (2) A capacity grant may be used by a recipient federally
23 recognized tribe, at the discretion of each tribe in a manner that
24 recognizes their sovereignty, for:

25 (a) Consultation on spending decisions on grants in accordance
26 with RCW 70A.65.305;

27 (b) Consultation on clean energy siting projects;

28 (c) Activities supporting climate resilience and adaptation;

29 (d) Developing tribal clean energy projects, as defined in RCW
30 43.158.010;

31 (e) Applying for state or federal grant funding;

32 (f) Other activities for which funds in the climate commitment
33 account created in RCW 70A.65.260, or the natural climate solutions
34 account created in RCW 70A.65.270, are eligible; and

35 (g) Other related work.

36 (3) In order to satisfy the requirements of RCW 70A.65.230(1)(b),
37 tribal applicants are encouraged to include a tribal resolution
38 supporting their request with their grant application.

39 (4) The department must award funds available under this section
40 equally among grant applicants.

1 (5) Nothing in this section limits the authority of a tribe that
2 receives funds under this section to administratively object to or
3 legally appeal a qualifying energy project or component thereof or to
4 be eligible for grant funds under this section if they file such an
5 objection or appeal.

6 **PART III**
7 **MISCELLANEOUS**

8 NEW SECTION. **Sec. 301.** The following acts or parts of acts are
9 each repealed:

10 (1) RCW 84.36.680 (Generation or storage of renewable energy) and
11 2023 c 427 s 1;

12 (2) RCW 82.96.010 (Tax on renewable energy generation or storage—
13 Rates—Administration) and 2023 c 427 s 2;

14 (3) RCW 82.96.020 (Renewable energy local benefit account) and
15 2023 c 427 s 3; and

16 (4) RCW 82.96.030 (Administration—Application of chapter 82.32
17 RCW) and 2023 c 427 s 4.

18 **Sec. 302.** RCW 43.21C.525 and 2022 c 180 s 406 are each amended
19 to read as follows:

20 Amendments to regulations and other nonproject actions taken by a
21 city or county to adopt or implement the model ordinance created by
22 the department under RCW 70A.207.030 (~~(is)~~) or by a county to adopt
23 or implement the model ordinance created by the department of
24 commerce under section 203 of this act are not subject to the
25 requirements of this chapter.

26 NEW SECTION. **Sec. 303.** RCW 82.32.805 and 82.32.808 do not apply
27 to this act.

28 NEW SECTION. **Sec. 304.** If any provision of this act or its
29 application to any person or circumstance is held invalid, the
30 remainder of the act or the application of the provision to other
31 persons or circumstances is not affected.

32 NEW SECTION. **Sec. 305.** Section 102 of this act applies to
33 property taxes levied for collection in 2029 and thereafter.

1 NEW SECTION. **Sec. 306.** Sections 108 through 111 of this act
2 apply to property taxes levied for collection in 2028 and thereafter.

3 NEW SECTION. **Sec. 307.** This act takes effect January 1, 2028.

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