



# Clean Energy Projects in Rural Counties May Increase Property Taxes for Residents

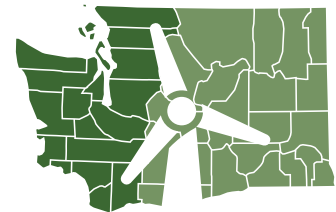
Washington is a leader in clean energy projects. And unfortunate unintended consequence is that property owners in areas where clean energy projects are built will likely see increased tax bills. The benefits realized by local communities from the development of clean energy production facilities have long been a source of controversy, especially in rural areas. While county governments and other local services like schools and fire districts will receive increased property tax revenue, a significant portion of the new revenue from clean energy project development can ultimately become the responsibility of others to pay. The state's property tax assessment process can result in large annual value fluctuations and significant depreciating values over time that shift the projects' tax burden to the other residents and businesses in the taxing district.

## Recent State Legislation Driving Clean Energy Project Development:

- 1 **The Energy Independence Act of 2006** – requires qualifying electric utilities source up to 15% of their electricity from renewable energy.
- 2 **Washington Clean Energy Transformation Act (2019)** – requires all electricity sold in Washington to retail electric customers to be from 100% non-greenhouse gas emitting or renewable resources by 2045.

*Some Counties where new clean energy (wind and solar) projects are being proposed: Benton, Douglas, Yakima, Kittitas, Klickitat*

**22** Wind Energy Facilities in WA



**2 in Western Washington**

**20 in Eastern Washington**

## Key Findings: Unveiling the Challenges and Implications

- 1 **Increased Clean Energy Development:** Washington State's ambitious climate policies have led to a surge in proposed clean energy production facilities in rural counties. However, much more will be needed to meet the state's goals.
- 2 **Inconsistent Property Tax Assessment:** The state's property tax assessment process for centrally and locally assessed clean energy projects results in inconsistent assessed values, posing challenges for fair taxation.
- 3 **Tax Burden Shifts:** Washington's personal property tax laws create tax burden shifts over time from clean energy projects to other property taxpayers within the same taxing districts, placing an additional tax burden on existing property taxpayers.
- 4 **Fluctuating Assessed Values:** Clean energy project assessed values experience significant fluctuations annually due to assessment methods and over longer periods owing to personal property depreciation. As a result, over half of their property tax responsibility has been shifted to other taxing district property taxpayers, amounting to millions of dollars in property tax shifts.
- 5 **Escalating Problem:** Without proactive changes, the existing property tax burden shifts from clean energy projects to other taxpayers are likely to worsen as the state pursues its climate and environmental goals.

## WHAT COUNTIES NEED

- 6 **Mitigation Strategies:** Some states have created strategies to prevent or mitigate property tax shift issues associated with clean energy projects while ensuring additional benefits to hosting communities.

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