



WASHINGTON STATE ASSOCIATION of COUNTIES



# Protecting Rural Communities and Our Clean Energy Future

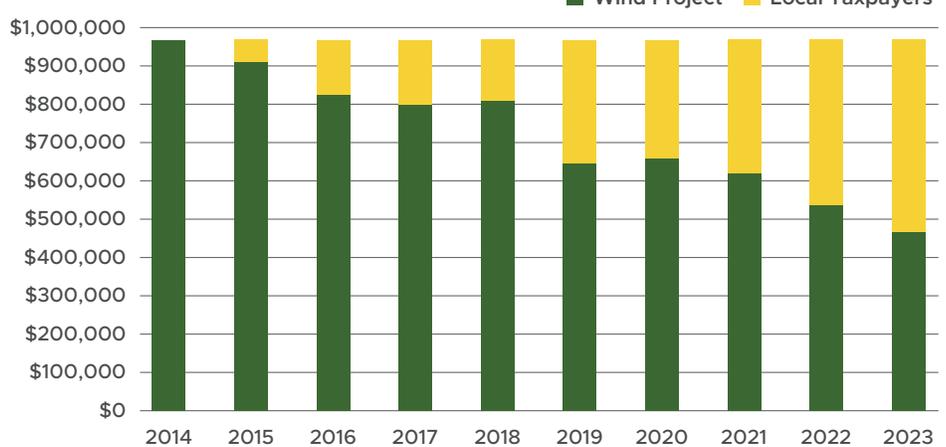
HB 1960 Solves a Growing Problem While Supporting Clean Energy

## THE CHALLENGE

Rural communities hosting clean energy projects are facing a growing burden: soaring property taxes. Because of a flaw in our tax system, clean energy projects are shifting their property tax burden to other taxpayers over time. As a result, local taxpayers are unnecessarily burdened with higher tax bill.

Without a fix, this tax burden will grow dramatically. Meeting Washington's 2045 clean energy goals will require significantly more wind and solar projects - multiplying this tax problem across rural communities.

Kittitas County Property Tax Shift



Property tax from a single wind project in Kittitas County that shifted half a million in tax payments over to local taxpayers.

## THE FIX

Restructure clean energy property taxes to eliminate shift and bring greater benefits to host communities.

HB 1960 would create an exemption from personal property taxes and replace that revenue with a **Nameplate Capacity Tax**. This solution eliminates the tax shift and creates consistent, predictable, and reliable revenue for taxing districts.

Clean energy projects will no longer increase taxes for rural residents who host them in their communities.

## What is a Nameplate Capacity Tax?

A nameplate capacity tax charges energy facilities based on their maximum power rating. HB 1960 would set per megawatt rates for commercial wind, solar and energy storage projects.





# Taking a Collaborative Approach to Solving a Statewide Problem

HB 1960 is the outcome of over two years of working intensely with partners.

## Two Years of Task Force Work

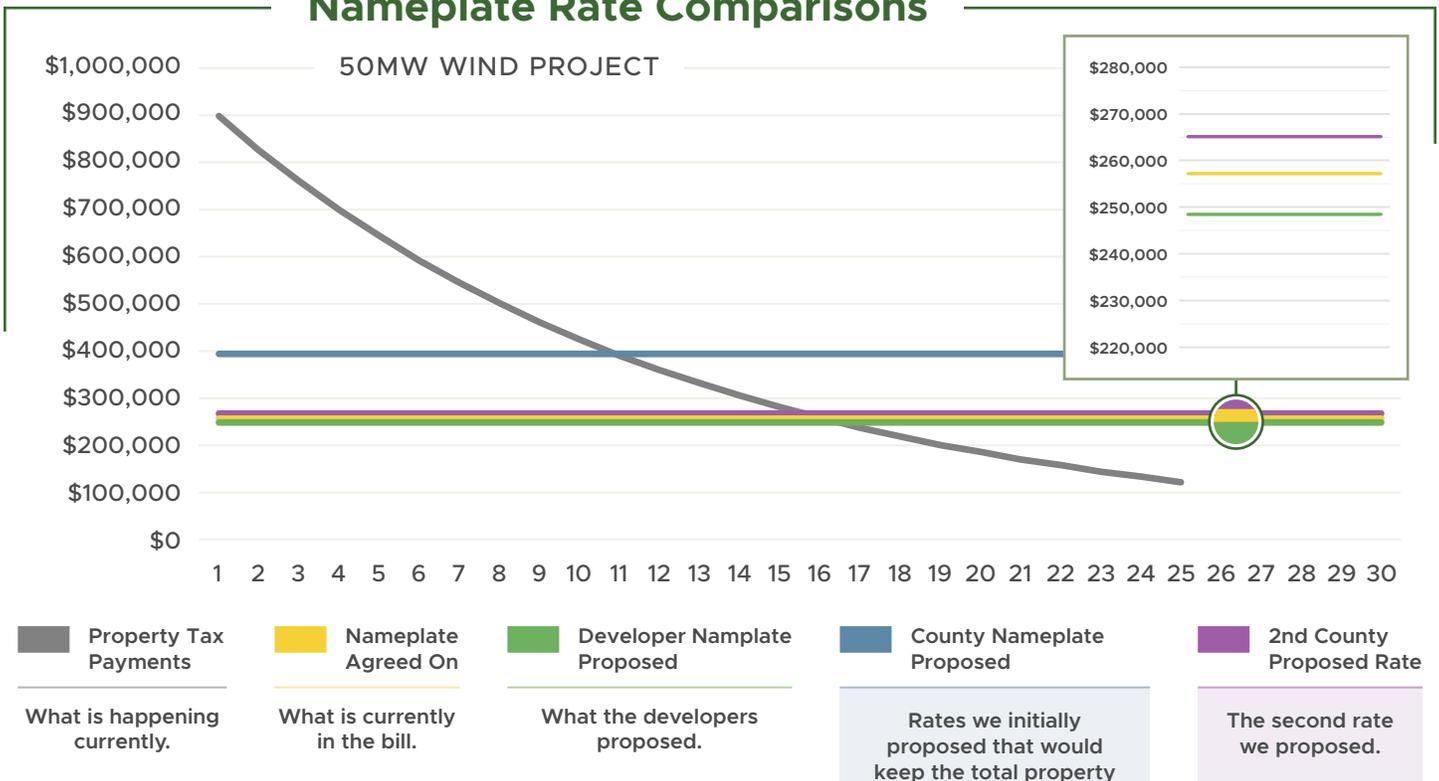
In 2023, WSAC engaged a wide list of stakeholders to better understand the tax shift issue and why it was happening. Over the next two years this Task Force worked together to identify and evaluate potential solutions before landing unanimously on the solution proposed in HB 1960.

## Collaboration Means Compromise

COUNTIES HAVE AGREED TO:

- ✓ Accepting reduced overall revenue
- ✓ Lower rates reflecting expected technological advances
- ✓ Eliminating local investment commitments
- ✓ Extended project life timeline from 20 years to 35 years
- ✓ Exempting existing projects
- ✓ Assuming the continuation of federal energy incentives
- ✓ Updating land use requirements

## Nameplate Rate Comparisons



The agreed-upon rate will reduce county revenue by over \$136,000 per year.



Rates we initially proposed that would keep the total property tax collected over the life of a project the same.

The second rate we proposed.

That equates to a \$4 million or greater loss over the 35-year life of the project.

