

HOUSE BILL REPORT

HB 2708

As Reported by House Committee On: Ways & Means

Title: An act relating to including the value of solar, biomass, and geothermal facilities in the property tax levy limit calculation.

Brief Description: Including the value of solar, biomass, and geothermal facilities in the property tax levy limit calculation.

Sponsors: Representatives Hinkle, Wilcox, Johnson and Angel.

Brief History:

Committee Activity:

Ways & Means: 2/1/12, 2/6/12 [DPS].

Brief Summary of Substitute Bill

- Increases the property tax revenue limit to reflect new solar, biomass, and geothermal facilities that generate electricity in the property tax levy limit calculation.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Staff: Jeff Olsen (786-7175).

Background:

Taxing districts may increase their regular property tax levy by 1 percent per year, plus an additional amount based on the increase in the assessed value in the district resulting from

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

new construction, increases in assessed value due to construction of electric generation wind turbine facilities classified as personal property, improvements to real property, and state-assessed property.

Utilities that operate in more than one county are assessed by the Department of Revenue. Property taxes resulting from new state-assessed utilities increase revenues to taxing districts because taxes resulting from increases in the value of state-assessed property are added to the amount that may be levied under the levy limit.

Summary of Substitute Bill:

Property taxes resulting from new solar, biomass, and geothermal facilities that generate electricity classified as real or personal property are added to the amount that a taxing district may levy under the levy limit.

Substitute Bill Compared to Original Bill:

The substitute bill clarifies that the qualifying solar, geothermal and biomass facilities are those that generate electricity and may be classified as personal or real property.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Significant development projects will impact counties, and these projects need to be taxed fairly. Several years ago wind turbines built on leased public property were assessed as personal property, resulting in a delay in taxes. This was corrected in 2006 so that they could be added similar to other types of new construction. This bill simply adds solar, geothermal, and biomass, similar to wind turbines. The Department of Revenue has language to clarify that the intent of the bill is to deal with electrical generation. These investments are permanent, and this change allows counties to add this value like new construction to increase budgets.

(Opposed) None.

Persons Testifying: Representative Hinkle, prime sponsor; Monty Cobb, Washington Association of County Officials; and Paul Jewell, Kittitas County.

Persons Signed In To Testify But Not Testifying: None.