

SENATE BILL REPORT

HB 2120

As of February 20, 2024

Title: An act relating to tax preferences for clean energy manufacturers.

Brief Description: Concerning tax preferences for clean energy manufacturers.

Sponsors: Representatives Barnard, Shavers, Graham and Wylie.

Brief History: Passed House: 2/7/24, 94-1.

Committee Activity: Environment, Energy & Technology: 2/20/24.

Brief Summary of Bill

- Allows cities to extend the deadline for project completion for the targeted urban area property tax exemption up to a total of four years for nuclear facilities that require certification by the United States Nuclear Regulatory Commission.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Adam Brunmeier (786-7357)

Background: Targeted Urban Area Property Tax Exemption. Cities and towns are authorized to grant a ten-year local property tax exemption for new industrial or manufacturing facilities in designated areas. Within one year of building occupancy, the facility must create at least 25 family living wage jobs with an average wage of at least \$23 per hour with health care benefits. The value of the property tax exemption is provided on the value of eligible improvements and applies only to the city portion of the property tax. A county may, by resolution, allow any property receiving an exemption from city property taxes to also receive an exemption from county property taxes. No application for the exemption may be submitted after December 31, 2030.

Industrial or manufacturing facilities must be at least 10,000 square feet with an

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improvement value of at least \$800,000 and meet certain building use standards by the United States Department of Labor. New construction of industrial or manufacturing facilities must:

- be within a targeted area designated by the city;
- be on land that has no existing building improvements and that is zoned for an industrial or manufacturing use;
- meet all construction and development regulations of the city; and
- be completed within three years from the date of approval of the application.

If the city finds that the work was not completed within the required time limit of three years due to circumstances beyond the control of the owner and that the owner has been acting in good faith, the governing authority may extend the deadline for completion of the work for a period not to exceed two years.

Summary of Bill: Cities are allowed to extend the deadline for project completion for the targeted urban area property tax exemption up to four additional years beyond the existing extension of two years for nuclear facilities that require certification by the United States Nuclear Regulatory Commission.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The Targeted Urban Area Tax Exemption is a great program and helpful for economic development. Extending the completion deadline for nuclear projects will go a long way to help Washington State achieve its clean energy goals and help to create quality jobs. Building and operating a nuclear facility is a long and difficult process because there are administrative processes involved that slow things down. This will help incentivize investment in new, innovative, nuclear energy facilities in Washington. Nuclear energy is a clean and reliable source of energy. The primary obstacle to nuclear energy is cost and this bill helps to reduce the cost of nuclear energy projects.

CON: Nuclear energy is not clean energy. There is no safe way to store radioactive waste products. Allowing a term of nine years for construction feeds into the chronic issues of long-term delays and cancellations that are common to nuclear projects. The state's own energy strategy recognizes nuclear energy as inefficient.

Persons Testifying: PRO: Representative Stephanie Barnard, Prime Sponsor; Mayor Theresa Richardson, City of Richland; Steve Verhey; Lilly Hayward, Seattle Metropolitan Chamber of Commerce.

CON: Suellen Mele; Cathryn Chudy.

Persons Signed In To Testify But Not Testifying: No one.