



Friday, January 23, 2026

Chair Berg, Ranking Member Orcutt, and Members of the Committee:

Thank you for the opportunity to provide testimony on HB 1960 today. My name is Casey MacLean, Washington Policy Manager at Renewable Northwest (RNW). RNW is a regional clean energy advocacy organization, and our members are a combination of clean energy-related businesses and environmental groups. Our mission is to decarbonize the region by accelerating the transition to affordable, renewable electricity.

Because wind, solar, and battery energy storage system (BESS) projects are currently taxed as personal property under Washington tax code, county tax revenues decline as these projects depreciate in value, causing a host of complications for counties. We have engaged with Rep. Alex Ramel and the Washington State Association of Counties (WSAC) closely over the last two years to better understand this issue and to seek agreeable solutions. RNW is committed to helping address this issue; it is the right thing to do for Washington communities, and it is beneficial to the renewable energy industry to address a disincentive for counties hosting renewable energy projects.

RNW is signed in today as “con”, but not because we disagree with the problem statement. RNW and our membership have put countless hours into this bill because we truly believe that leveling these tax payments will increase benefits to host communities, hopefully spurring interest in more development. The proposed rates are our biggest concern as we do not want the legislation to result in an effective tax increase on clean energy projects. **Not only would these rates be harmful to our members and the clean energy industry in Washington state; these added costs could be passed on to ratepayers, raising electricity prices.**

Over the 2025 interim period, RNW members agreed upon the following core principles as key pillars of the policy solution we are seeking. The policy should:

- *Enhance the benefits of new tax revenue for host communities by leveling annual tax payments over the life of a project.*
- *Ensure new tax payments will be equivalent to what they would have been under the current system, across technology types.*
- *Apply the tax approach only to new or repowered renewable facilities.*
- *Not change the tax structure for existing projects.*

- *Provide long term certainty regarding the annual tax payments a new project will pay.*

Below, we outline our areas of concern. Overall, if the rates are reduced and the structure is logical, RNW would be happy to support the legislation as it would align with these core principles.

RNW's Proposed Rates and Methodology

The goal and intent from RNW's perspective is to create a nameplate capacity-based excise tax, which over the lifespan of a project would generate taxes about equal to what a project would expect in personal property taxes. This means that the rate per megawatt (MW) for wind and solar or per megawatt hour (MWh) for BESS is multiplied by a project's nameplate capacity to equal the annual tax rate.

Recognizing the limitations of our expertise as clean energy advocates, we engaged Cirrus Advisors, expert state and local tax consultants, to help us navigate the complexities of this tax proposal. We identified the following ranges of rates that would be acceptable to *most* clean energy developers, resulting in lifetime taxes about equal to what they are expected to be today.

Solar: \$3,245 - 3,673 per MW (HB 1960 proposal: \$3873)

Wind: \$ 4,535 - 4,969 per MW (HB 1960 proposal: \$5143)

BESS: \$618 - 690 per MWh (HB 1960 proposal: \$623 - in line with RNW's proposal)

HB 1960's base rates (Section 105) are higher than RNW is comfortable with, and there is an additional local tax (Section 107).

You will see these rates reflected in Section 105, split between the state and county. Essentially, to calculate an appropriate tax rate, we use a formula that projects the personal property tax cost per MW, and then divide that over the useful life of a project to arrive at the average annual property tax. These projections were done using publicly available data at the Department of Revenue (DOR) and the National Renewable Energy Laboratories, and compared to real estimates from companies with projects in development. Notably, variance in local levy rates creates some winners and losers among developers depending on the county their project is located in. The rates proposed here reflect numbers that we believe are appropriate for the majority of the industry in WA.

To calculate the projected personal property tax, we factored in the Initial Capex (cost to construct), tax credits such as the ITC, the industry "trend factor" that predicts how industry costs are projected to change, the annual depreciation, and local levy rates. Because local levy rates vary from county to county, we used DOR's published statewide average local levy rate of 0.896.¹ WSAC proposed using a weighted average rate of 0.956, reflecting the counties that have existing and planned clean energy development, for the wind and solar rates. Because BESS projects can be

¹ Source: [Average levy rates by county interactive data graphic | Washington Department of Revenue](#)

built in a variety of places, the statewide rate was used to calculate the BESS rate. More details on this methodology can be provided upon request.

While Rep. Ramel's proposed wind and solar rates are not far away from RNW's high range, these numbers when multiplied by hundreds of MWs and over 30+ years significantly add up; there is also an *additional* tax explained below.

Issue: Double-counting Excess Levies

In addition to the Section 105 rates outlined above, HB 1960 proposes an optional local excise tax in Section 107. We understand the desire for local control and flexibility, but the methodology used here seems to double-count excess levies.

As explained above, the Section 105 state and local excise tax rates were calculated based on an average total property tax rate that *already includes* special excess levies, such as voter-approved school district taxes. A 3% reduction was applied to the Section 105 rates, based on the assumption that counties may impose a Section 107 special local excise tax if such excess levies are present. However, in practice, excess levies often represent a much larger share of the total property tax rate. As a result, if a county also imposes a Section 107 tax, it will likely lead to significant double-counting of these levies, thereby overstating the total tax burden relative to the existing property tax system.

Given that most excess levies in Washington are related to school district funding (and are routinely renewed by local voters) it is reasonable to treat them as a stable, ongoing component of the local property tax burden. A more straightforward approach is to add back the 3% reduction to the Section 105 rates, allowing them to reflect the full average total levy rates, and to eliminate the Section 107 excise tax entirely. To implement this change, the bill should be revised to ensure that excise tax revenues are shared pro rata among all taxing districts based on their prior-year property tax rates.

For example, Section 104(4) could be amended as follows:

The county treasurer shall distribute any revenues received under this section to each appropriate local taxing district in the county that reflects the pro rata share of the property tax rate in the prior tax year of the district in accordance with RCW 84.56.230, ~~except any voter-approved excess property tax levies within a taxing district authorized after January 1, 2028.~~

Alternatively, the Section 105 base rates could be reduced to account for the Section 107 levy, so long as the total number is within the acceptable range.

We have additional analysis and examples on this topic if they are of interest to committee members, and we are happy to provide a briefing.

Other desired changes

There are a handful of other issues we hope can be addressed. Some RNW members have additional concerns depending on their companies' priorities.

- Section 102 and other references to this date: If rates are NOT reduced, we request that the effective date of legislation be moved to January 1, 2029 to reflect that some companies have signed fixed-price power purchase agreements that reflect the current pricing under a property tax approach.
- Section 103 and 104: Clarify that repowers must occur on or after the effective date of legislation.
- Section 103: May benefit from adding dates to clarify when these taxes are paid.
- Section 106: Remove clause that would require a new rate to take effect after year 35 of the operational life of a facility. While an unlikely scenario, this is bad precedent.
- Treatment of centrally assessed systems: RNW does not have utilities in our membership but we understand from conversations with utilities that this is a concern and we would want to ensure we don't inadvertently create different market conditions for utility-owned projects.
- Local Effort Assistance (LEA) Funding: We have proposed language that we believe would address the issue of schools becoming disqualified from LEA funding when clean energy projects increase the total personal property tax base of the county. It is unclear if this bill addresses that issue directly.

Part II

Overall, we appreciate the intent of Part II and are interested to hear reactions from individual counties with development. We are worried about the complexity of this solution and that it may not work as intended. We have some reservations about the development of a statewide model ordinance and urge caution that it not be too burdensome or difficult to comply with. Additionally, this part may carry a fiscal note that we worry could burden the rest of the bill in this difficult fiscal environment. However, we see benefit in providing additional dollars to communities and Tribes from clean energy projects, and are hopeful that this incentive could help improve local siting policies.

Conclusion

While the rates themselves need additional attention, we want to express much appreciation to Rep. Ramel and WSAC for working with us to make a number of improvements to the bill. This new proposal would only apply to new and repowered projects rather than existing projects, which is critical to ensuring power purchase agreements are not threatened. We've also created stability by removing a rate escalator that would have quickly ballooned costs. For the rates themselves, we've found agreement on the formula we should be using to make these calculations, and we've outlined a way for DOR and the legislature to make any needed corrections in the future. We've also made a number of changes to Part II that seem to benefit counties more directly.

While we cannot support the bill until the rates themselves are within a more workable range for most wind, solar, and BESS developers, we greatly appreciate all of the work and attention to this important issue, and remain committed to working on the solution. Thank you for your attention to this important issue, and I am very happy to answer any questions or meet to discuss.

Sincerely,

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