

SB 154 A STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

Action Date: 03/30/21

Action: Do pass with amendments. Refer to Tax Expenditures by prior reference. (Printed A-Eng).

Vote: 4-1-0-0

Yeas: 4 - Beyer, Dembrow, Findley, Taylor

Nays: 1 - Robinson

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Beth Reiley, LPRO Analyst

Meeting Dates: 2/4, 3/30

WHAT THE MEASURE DOES:

Stipulates that if an agreement is entered into by a county governing body (and city, if project is located inside one) and an owner of solar project to exempt owner from property taxes and instead require payment of a fee, the agreement must indicate how the land will be treated with respect to the exemption and fee in lieu of property taxes. Establishes that the fee in lieu of property taxes shall be computed at a rate no less than \$5,500 and no more than \$7,000 per megawatt of nameplate capacity. Clarifies that the fees shall be apportioned and distributed among the taxing districts that have jurisdiction over the property. Extends sunset of program under which property constituting solar project may be exempt and instead pay fee in lieu of property taxes to January 2, 2028. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- History of the solar fee in lieu of property tax program
- Effect of paying fixed rate rather than property tax rate
- Ability to secure financing for large solar projects

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

In 2015, the Legislative Assembly enacted House Bill 3492 which created the fee in lieu of property tax for solar projects incentive program (Program). The Program authorizes any solar project, pursuant to executing an agreement with the county (and city, if inside one), to be exempt from property taxes for up to 20 years, contingent on annual payment to the county/city of a fee equal to \$7,000 per MW of the project's nameplate capacity, and provided that the project is or was not subject to any other exemption. The Program is scheduled to sunset January 2, 2022.

Senate Bill 154 A extends the sunset on the Program to January 2, 2028 and establishes that the fee in lieu of property taxes be at a rate of no less than \$5,500 and no more than \$7,000 per megawatt of nameplate capacity.