

Multiple Agency Fiscal Note Summary

Bill Number: 2120 HB	Title: Clean energy manufacturers
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 1/23/2024
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Department of Revenue Fiscal Note

Bill Number: 2120 HB	Title: Clean energy manufacturers	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kristina King	Phone: 60-786-7190	Date: 01/16/2024
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 01/19/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/19/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

Request # 2120-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW

The law authorizes a city to enact a 10-year local property tax exemption for a newly constructed industrial or manufacturing facility in targeted urban areas of a city.

The property tax exemption applies only to eligible improvements and local property taxes, except county property taxes. However, a county may, by resolution, allow eligible property to receive an exemption from the county property tax.

An owner seeking an exemption must apply before December 31, 2030. The facility must be completed within three years from the date the city approves the application.

If the owner doesn't complete the facility within three years of the approved application due to circumstances beyond their control and they have acted in good faith, a city can extend the facility completion deadline for a period not to exceed 24 consecutive months.

PROPOSED LAW

This bill allows a city to extend the facility completion deadline for up to two additional 24 consecutive months if the project is a nuclear facility requiring certification by the United States Nuclear Regulatory Commission.

EFFECTIVE DATE

The bill takes effect 90 days after the final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS

- This proposal does not apply to state property taxes.
- A local district takes all necessary actions to provide a local property tax exemption for qualifying newly constructed industrial and manufacturing facilities.
- An owner builds, occupies, and licenses a qualifying facility by fiscal year 2029. The local property tax impact doesn't happen until the following year, outside this estimate's time frame.
- This proposal passes effective beginning with property taxes due for calendar year 2025.

DATA SOURCES

- U.S. Energy Information Administration, Nuclear reactor construction data
- IDTechEx, Nuclear reactor construction data
- U.S. Nuclear Regulatory Commission, Application process data
- Energy Northwest and X-energy Sign Joint Development Agreement for Xe-100 Advanced Small Modular Reactor Project. (2023, July 19). X-Energy. Retrieved November 13, 2023, from <https://x-energy.com/media/news-releases/energy-northwest-x-energy-joint-development-agreement-xe-100>.
- Next-gen nuclear reactor company signs deal to build up to 12 reactors in Washington State. (2023, July 19). Geekwire. Retrieved November 13, 2023, from <https://www.geekwire.com/2023/next-gen-nuclear-reactor-company-signs-deal-to-build-up-to-12-reactors-in-washington-state/>

REVENUE ESTIMATES

This legislation results in no revenue impact on the state property tax levy. Any local property tax revenue impact does not happen until after fiscal year 2029, which is outside the scope of this estimate.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None

Local Government, if applicable (cash basis, \$000): None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The Department of Revenue will have minimal costs of approximately \$2,400 for 40 hours of work by a property acquisition specialist in fiscal year 2025 to implement this legislation and will absorb within current funding.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2120 HB

Title: Clean energy manufacturers

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 01/19/2024
Leg. Committee Contact: Kristina King	Phone: 360-786-7190	Date: 01/16/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/19/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill would allow cities to extend the deadline for completion of the work up to two additional 24 consecutive months, If the project is a nuclear facility requiring certification by the United States nuclear regulatory commission in order to qualify for the targeted urban areas property tax exemption.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would not impact local government expenditures. The tax exemption already exists and only modifies the rules for deadline extensions.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would not impact local government revenues.

According to the Department of Revenue (DOR):

- A local district takes all necessary actions to provide a local property tax exemption for qualifying newly constructed industrial and manufacturing facilities
- An owner builds, occupies, and licenses a qualifying facility by fiscal year 2029. The local property tax impact doesn't happen until the following year, outside this estimate's time frame

Any local government property tax revenue impact does not happen until after fiscal year 2029, which is outside the scope of this fiscal note.

SOURCE:

Department of Revenue fiscal note, HB 2120 (2024)