

House Engrossed

renewable energy equipment; valuation; depreciation

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# HOUSE BILL 2918

AN ACT

AMENDING SECTION 42-14155, ARIZONA REVISED STATUTES; RELATING TO VALUATION  
OF CENTRALLY ASSESSED PROPERTY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-14155, Arizona Revised Statutes, is amended  
3 to read:

4 42-14155. Valuation of renewable energy and storage  
5 equipment; definitions

6 A. Through December 31, 2040, the department shall determine the  
7 full cash value of taxable renewable energy and storage equipment in the  
8 manner prescribed by this section.

9 B. ~~SUBJECT TO SUBSECTION C OF THIS SECTION~~, the full cash value of  
10 renewable energy and storage equipment is ~~THE FOLLOWING~~:

11 1. ~~FOR RENEWABLE ENERGY AND STORAGE EQUIPMENT THAT IS NOT OWNED BY~~  
12 ~~OR WHOLLY SUBJECT TO AN EXCLUSIVE POWER PURCHASE AGREEMENT WITH A PUBLIC~~  
13 ~~SERVICE CORPORATION OR PUBLIC POWER ENTITY DOING BUSINESS IN THIS STATE,~~  
14 ~~ONE HUNDRED PERCENT OF THE DEPRECIATED COST OF THE EQUIPMENT. FOR THE~~  
15 ~~PURPOSES OF THIS PARAGRAPH, DEPRECIATED COST SHALL BE DETERMINED BY~~  
16 ~~DEDUCTING DEPRECIATION FROM ORIGINAL COST.~~

17 2. ~~FOR RENEWABLE ENERGY AND STORAGE EQUIPMENT THAT IS OWNED BY OR~~  
18 ~~WHOLLY SUBJECT TO AN EXCLUSIVE POWER PURCHASE AGREEMENT WITH A PUBLIC~~  
19 ~~SERVICE CORPORATION OR PUBLIC POWER ENTITY DOING BUSINESS IN THIS STATE~~  
20 ~~AND THE CONSTRUCTION OF THE RENEWABLE ENERGY AND STORAGE EQUIPMENT WAS~~  
21 ~~INITIATED BEFORE JANUARY 1, 2030, twenty percent of the depreciated cost~~  
22 ~~of the equipment. FOR THE PURPOSES OF THIS PARAGRAPH, depreciated cost~~  
23 ~~shall be determined by deducting depreciation from taxable original cost.~~

24 3. ~~FOR RENEWABLE ENERGY AND STORAGE EQUIPMENT THAT IS OWNED BY OR~~  
25 ~~WHOLLY SUBJECT TO AN EXCLUSIVE POWER PURCHASE AGREEMENT WITH A PUBLIC~~  
26 ~~SERVICE CORPORATION OR PUBLIC POWER ENTITY DOING BUSINESS IN THIS STATE~~  
27 ~~AND THE CONSTRUCTION OF THE RENEWABLE ENERGY AND STORAGE EQUIPMENT WAS~~  
28 ~~INITIATED FROM AND AFTER DECEMBER 31, 2029, ONE HUNDRED PERCENT OF THE~~  
29 ~~DEPRECIATED COST OF THE EQUIPMENT. FOR THE PURPOSES OF THIS PARAGRAPH,~~  
30 ~~DEPRECIATED COST SHALL BE DETERMINED BY DEDUCTING DEPRECIATION FROM~~  
31 ~~ORIGINAL COST.~~

32 C. ~~FOR THE PURPOSES OF DETERMINING FULL CASH VALUE OF RENEWABLE~~  
33 ~~ENERGY AND STORAGE EQUIPMENT PURSUANT TO SUBSECTION B OF THIS SECTION,~~  
34 ~~depreciation shall not exceed ninety percent of the adjusted original~~  
35 ~~cost.~~

36 ~~D.~~ D. For the purposes of this section, all energy storage  
37 equipment, both colocated with renewable energy and stand-alone energy  
38 storage equipment, qualifies for valuation pursuant to this section.

39 ~~E.~~ E. For the purposes of this section:

40 1. "Depreciation" means straight-line depreciation over the useful  
41 life, as adopted by the department, of the item of property.

42 2. "Electric utility scale" means a person that is engaged in a  
43 business activity described in section 42-5063, subsection A or such  
44 person's equipment or wholesale electricity suppliers.

- 1           3. "Energy storage" means commercially available technology for  
2 electric utility scale that is capable of absorbing energy, storing energy  
3 for a period of time and thereafter dispatching the energy and that uses  
4 mechanical, chemical or thermal processes to store energy.
- 5           4. "Original cost" means the actual cost, without trending, of  
6 acquiring or constructing property, including additions, retirements,  
7 adjustments and transfers.
- 8           5. "Renewable energy and storage equipment" means electric  
9 generation facilities, electric transmission, electric distribution,  
10 energy storage, gas distribution or combination gas and electric  
11 transmission and distribution and transmission and distribution  
12 cooperative property that is located in this state, that is used or useful  
13 for generating, storing, transmitting or distributing electric power,  
14 energy or fuel derived from solar, wind or other nonpetroleum renewable  
15 sources not intended for self-consumption, including materials and  
16 supplies and construction work in progress, but excluding licensed  
17 vehicles and property valued under sections 42-14154 and 42-14156.
- 18           6. "Taxable original cost" means the original cost reduced by the  
19 value of any investment tax credits, production tax credits or cash grants  
20 in lieu of investment tax credits applicable to the taxable renewable  
21 energy and storage equipment.