



NEWS RELEASE

Arizona House of Representatives
Majority Leader Michael Carbone (R-25)
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FOR IMMEDIATE RELEASE

House Republicans Advance HB 2918 to End Property Tax Subsidies for New Utility-Scale Wind and Solar Projects

*Party-line vote in House Natural Resources, Energy and Water Committee;
all Democrats vote NO*

STATE CAPITOL, PHOENIX – House Majority Leader Michael Carbone today praised the House Natural Resources, Energy and Water Committee for advancing [House Bill 2918](#), sponsored by Representative David Marshall and co-sponsored by Representative Ralph Heap. The bill passed on a party-line vote. All Democrats voted NO.

HB 2918 ends special property tax treatment that has allowed large renewable energy projects, including major wind and solar farms and related battery energy storage, to pay sharply reduced local property taxes.

“The Governor said during her State of the State that, over a decade ago, ‘we made a strategic decision to grow data centers by creating a tax exemption for them,’ but then asked, ‘Should taxpayers continue subsidizing the data center industry?’” said House Majority Leader Michael Carbone. **“I think the same question should be asked of large, utility-scale renewable energy projects like wind and solar. Years ago, this state gave renewable energy projects a massive tax break, substantially more than data centers, and now it’s appropriate to ask whether it’s fair to have Arizona taxpayers continue subsidizing the renewable energy industry.”**

Under current law, many large renewable energy projects benefit from two stacked subsidies in the property tax valuation process:

- “Taxable original cost” reduction: Current statute defines “taxable original cost” as original cost reduced by the value of certain federal incentives, including investment tax credits and production tax credits. This allows the project’s starting valuation base to be reduced below the actual amount invested.
- “Twenty percent of depreciated cost” valuation: After the taxable original cost is established, current law sets the full cash value of renewable energy and storage equipment at twenty percent of the depreciated cost, leaving most of the depreciated value outside the property tax base.

Together, these subsidies result in \$179.2 million annually in total foregone revenues to the state, according to the Joint Legislative Budget Committee.

“While Governor Hobbs noted in her State of the State that the sales tax exemption for data centers is about \$38 million, the corporate handout for renewables in FY25 was \$179.2 million, over four times the amount,” Majority Leader Carbone emphasized. **“While data centers are still an emerging industry, renewables are far more mature and don’t need a special carve-out that forces hardworking families and small business owners to pick up the tab. If the Governor is looking for a new source of revenue by repealing preferential tax breaks, then she should look at the industry that has already received over [\\$2.3 billion in ratepayer funds from Attorney General Kris Mayes](#) and is currently receiving as much as \$179 million in local property tax giveaways.”**

HB 2918 ends both parts of the subsidy stack while including provisions to protect existing ratepayers by grandfathering projects already built and tied to exclusive utility contracts, ensuring the elimination of the tax breaks does not trigger higher rates for current customers.

“Arizona needs reliable and affordable power,” said House Natural Resources, Energy and Water Committee Chairman Gail Griffin. **“I was happy to give this bill a hearing to advance good energy policy for the state. The American public has known from day one that these projects could not stand on their own feet without massive state and federal tax breaks. If renewable energy projects like wind and solar are truly the lowest-cost resource, then they should have no problem repealing the massive property tax break for new projects going forward. HB 2918 stops the preferential treatment for new utility-scale renewable energy projects and protects existing ratepayers to ensure no Arizona customer sees an unfair rate increase. HB 2918 is a common-sense measure that puts affordability and fairness first.”**

HB 2918 is part of the [House Republican Majority Plan’s](#) focus on affordability, fiscal responsibility, and accountable government.

Michael Carbone is a Republican member of the Arizona House of Representatives serving Legislative District 25 which includes portions of Yuma, Maricopa, and La Paz Counties. He also serves as House Majority Leader. Follow him on X at @MichaelCarbone.

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