

**STATE CORPORATION COMMISSION**  
**2006 Fiscal Impact Statement**

**1. Bill Number** SB404

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron**        Hanger

**3. Committee**    Passed Both Houses

**4. Title**            Property taxes; generating equipment of electric suppliers.

**5. Summary/Purpose:**

Property taxes; generating equipment of electric suppliers. Provides that generating equipment of electric suppliers utilizing wind turbines may be taxed by the locality at a rate higher than the real estate rate but shall not exceed the personal property rate for the respective locality.

**6. Fiscal Impact Estimates are not available:** There is a possible fiscal impact to those localities where a wind turbine facility has been constructed by an electric supplier, but since there are currently no facilities greater than 25 megawatts that have been constructed and reported to the Commission for assessment, it is impossible to determine the impact at this time. Also, since the locality has the flexibility to adjust the rate below or above the real estate rate but cannot exceed the personal property rate, there is no way to determine the impact at this time.

**7. Budget amendment necessary:** No

**8. Fiscal implications:** There could be a fiscal impact to the localities where electric suppliers have constructed wind turbine facilities. The State Corporation Commission would assess the wind turbines and certify the assessments to the localities as it currently does with the incumbent electric utilities as well as the electric suppliers it assesses. Currently under § 58.1-2606 C, any assessment on generating equipment certified by the Commission shall be taxed at a rate determined by the locality but shall not exceed the real estate rate for that locality. This proposed legislation would allow a locality the flexibility to adjust their tax rates above or below the real estate rate on wind turbine assessments certified by the Commission but could not exceed the personal property rate in that respective locality. There is no way to determine the impact because this legislation gives the locality a considerable amount of flexibility as far as setting the rate. That rate would not be determined by the locality until the State Corporation Commission certified the assessment.

**9. Specific agency or political subdivisions affected:** This bill would affect any localities where electric suppliers have built wind turbine facilities assessed by the Commission.

**10. Technical amendment necessary:** None

**11. Other comments:** None

**Date:** 03/19/06 / RST  
**cc:** Secretary of Finance