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SENATE BILL NO. 1496

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on January 31, 2019)

(Patron Prior to Substitute—Senator Saslaw)

A BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 22.12, consisting of a section numbered 59.1-284.31, relating to grants for solar energy equipment placed in service on certain nonresidential real property.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 59.1 a chapter numbered 22.12, consisting of a section numbered 59.1-284.31, as follows:

CHAPTER 22.12.

SOLAR ENERGY EQUIPMENT GRANT PROGRAM.

§ 59.1-284.31. Grants for solar energy equipment placed in service on nonresidential real property; Installed Solar Energy Equipment Program Grant Fund.

A. As used in this section, unless the context requires a different meaning:

"Certain nonresidential real property" means any real nonresidential property in the Commonwealth (i) located in a Virginia Qualified Opportunity Zone as designated by the U.S. Department of the Treasury; (ii) currently or formerly operated as a landfill; (iii) located in a brownfield, as defined in § 10.1-1230; or (iv) that receives its electric distribution service from an entity organized under Chapter 9.1 (§ 56-231.15 et seq.) of Title 56.

"Department" means the Department of Mines, Minerals and Energy.

"Solar energy equipment" means any solar energy equipment owned by the taxpayer and for which the taxpayer is the electric distribution customer, installed on certain nonresidential real property.

"Solar energy equipment" includes a photovoltaic system that uses solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, daylighting, generating electricity, distilling, or producing industrial or commercial process heat. "Solar energy equipment" also includes related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy.

B. The Department shall administer the grant program established under this chapter to award grants to businesses that on or after July 1, 2019, construct, purchase, or lease solar energy equipment and place such equipment in service on certain nonresidential real property. Any grant awarded shall not exceed 35 percent of the installed cost of the solar energy equipment. The installed cost shall not include the amount of any rebate received by the business related to the installation of the solar energy equipment.

To obtain a grant, the business shall apply to the Department after the solar energy equipment has been installed. The application shall include:

1. A description of the solar energy equipment;

2. Attached invoices, receipts, contracts, and similar documents providing evidence as to the installed cost of the equipment;

3. The name, address, and telephone number of the business; and

4. Any other information relating to the business or installed solar energy equipment required by the Department.

C. The Department shall review and make a determination with respect to each application submitted under subsection B in the order in which the application is received. The Department shall not otherwise deny an application unless (i) the application is incomplete, (ii) the equipment does not qualify as solar energy equipment or is not installed on certain nonresidential real property, (iii) a grant or tax credit pursuant to this Code has been previously awarded or claimed for the solar energy equipment, or (iv) the Department determines that approving the application would cause the amount that could be awarded to exceed the amount of funds in the Fund that have not been committed.

The Department shall send written notice of its determination to the applicant within 60 days after receiving the application. If the Department determines that the application shall not be approved, the notice shall include the reasons for such determination. The Department's determination shall be final and not subject to review or appeal. A business may submit a new or amended application under subsection B at any time before or after receiving such notice.

D. A business that receives a grant under this section may submit a new application under subsection B for additional solar energy equipment installed on certain nonresidential real property.

E. If a grant recipient is allocated less than the full amount of a grant to which it is eligible in any year pursuant to this section, such business shall not be eligible for the deficiency in that year, but the

60 unpaid portion of the grant to which it was eligible shall be carried forward by the Department to the
61 following year, during which it shall be in the first class of priority.

62 F. By September 1 of each year beginning in 2020, the Department shall compile a report covering
63 the immediately prior fiscal year indicating the number of grant applications approved by the
64 Department, the total value of all installed solar energy equipment for which grants were approved, and
65 the total amount of grants awarded. The report shall be provided to the Governor with copies provided
66 to the General Assembly.

67 G. The Department shall adopt and update guidelines to administer this section. Such guidelines
68 shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

69 H. There is hereby created in the state treasury a special nonreverting fund to be known as the
70 Installed Solar Energy Equipment Program Grant Fund, referred to in this section as "the Fund." The
71 Fund shall be established on the books of the Comptroller. All funds as may be appropriated by the
72 General Assembly to the Fund and any gifts, donations, grants, bequests, and other funds received on
73 behalf of the Fund shall be paid into the state treasury and credited to the Fund. Interest earned on
74 moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund,
75 including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall
76 remain in the Fund. Moneys in the Fund shall be used solely for the purposes of paying grants awarded
77 under this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer
78 on warrants issued by the Comptroller upon written request signed by the Director of the Department.

79 **2. That the provisions of this act shall not become effective unless an appropriation effectuating**
80 **the purposes of this act is included in a general appropriation act passed in 2019 by the General**
81 **Assembly that becomes law.**