

## State Corporation Commission 2021 Fiscal Impact Statement

**1. Bill Number:** SB1201

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Petersen

**3. Committee:** Finance and Appropriations

**4. Title:** Taxation of public service corporations; electric suppliers; storage.

**5. Summary:** Amends the definition of electric supplier to include certain battery storage facilities with a storage capacity greater than 25 megawatts and subjects such facilities to central assessment by the State Corporation Commission. The bill also requires battery storage facilities qualifying as electric suppliers to file an annual report to the Commission.

Due to the increased interest in battery storage facility technology within the electric industry, this bill would include battery storage facilities greater than 25 megawatts under the definition of an electric supplier and subject those facilities to central assessment by the State Corporation Commission. There are currently a number of battery storage facilities that are being constructed by incumbent electric utility companies. Those facilities will be centrally assessed by the Commission regardless of their size and will be taxed at the real estate rate for the respective locality. Including battery storage facilities greater than 25 megawatts in the definition of an electric supplier will ensure that battery storage facilities will be centrally assessed and taxed uniformly irrespective of whether the facility is the property of an incumbent electric utility or an electric supplier.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** No Fiscal Impact on the State Corporation Commission. Implementation of this bill will not require additional staff or funding.

**8. Fiscal Implications:** Administrative cost should be minimal if any on the localities and no additional funding is needed by the State Corporation Commission.

The revenue impact on localities is unknown because central assessment by the State Corporation Commission verses local assessment carries different methodologies and tax rates on a locality by locality basis.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission, Department of Taxation, Cities, and Counties

**10. Technical Amendment Necessary:** No

**11. Other Comments:** This bill was introduced at the request of the State Corporation Commission.

The Department of Taxation's comments on this bill are attached.

# DEPARTMENT OF TAXATION

## 2021 Fiscal Impact Statement

1. **Patron** J. Chapman Petersen
3. **Committee** Senate Finance and Appropriations
4. **Title** Taxation of public service corporations;  
electric suppliers; storage

Email to SCC:  
\_egislation.Responses@scc.virginia.gov

2. **Bill Number** SB 1201  
**House of Origin:**  
  X   **Introduced**  
      **Substitute**  
      **Engrossed**
- Second House:**  
   **In Committee**  
   **Substitute**  
   **Enrolled**

### 5. **Summary/Purpose:**

This bill would amend the definition of electric supplier to include persons owning electricity storage facilities with a storage capacity greater than 25 megawatts and would subject such facilities to central assessment by the State Corporation Commission (SCC). These storage facilities would be taxed at the rate imposed on real estate in the locality.

Under current law, the property of electric suppliers is taxed in the same manner as public service company property but persons owning electricity storage facilities are not considered electric suppliers. Electric suppliers' property is assessed by the SCC and is subject to local taxation at the rate the locality applies to real estate. Electric suppliers are required to report annually to the SCC all real and tangible personal property that is owned or leased by such corporation and where such property is located.

If enacted during the Regular Session of the 2021 General Assembly, this bill would become effective July 1, 2021.

6. **Budget amendment necessary:** No.
7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)
8. **Fiscal implications:**

#### Administrative Costs

This bill would have an unknown impact on local administrative costs. The Department of Taxation ("the Department") and SCC consider implementation of this bill to be routine and do not require additional funding.

#### Revenue Impact

This bill would have an unknown impact on local revenues. This bill would have no impact on state revenues.

**9. Specific agency or political subdivisions affected:**

State Corporation Commission  
Department of Taxation

**10. Technical amendment necessary:** No.

**11. Other comments:**

Current Law

In the Commonwealth, public service corporations include electric power and distribution companies, gas and product pipeline transmission companies, public service water companies, telephone and telegraph companies, and railroads. Currently, the State Corporation Commission and the Department of Taxation are tasked with assessing the properties owned by public service corporations. Under current law, all local taxes on the real estate and tangible personal property of public service corporations must be at the real estate rate applicable in the respective locality.

Electric suppliers are required to report annually to the SCC all real and tangible personal property that is owned, leased for greater than one year, or operated as of the preceding January 1, by such corporation and where such property is located. Property that must be reported includes only assets directly associated with production facilities and not real estate or vehicles.

Proposal

This bill would amend the definition of electric supplier to include persons owning electricity storage facilities with a storage capacity greater than 25 megawatts and would subject such facilities to central assessment by the State Corporation Commission (SCC). These storage facilities would be taxed at the rate imposed on real estate in the locality.

If enacted during the Regular Session of the 2021 General Assembly, this bill would become effective July 1, 2021.

Similar Legislation

**House Bill 2006** would provide that energy storage systems and the components purchased for use in such systems are exempt from the retail sales and use tax. The bill would authorize localities to adopt revenue share ordinances on such projects of up to \$1,400 per megawatt. The bill would also provide that energy storage systems are a separate class of property and shall constitute classification for local taxation separate from other such classification of real or personal property and projects greater than 5 but less than 150 megawatts are exempt from state and local taxation.

**House Bill 2269** would provide that the maximum amount of the revenue share that may be imposed by a locality on certain solar energy products shall be adjusted every five years by the percentage by which the Consumer Price Index for all Urban Consumers

(CPI-U) exceeds the CPI-U on December 31, 2020. The bill would give the locality the discretion to substitute the Marshall and Swift Building Cost Index instead of the CPI-U.

cc : Secretary of Finance

Date: 1/15/2021 VB  
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