

DEPARTMENT OF TAXATION

2021 Fiscal Impact Statement

1. **Patron** Stephen E. Heretick
3. **Committee** Senate Commerce and Labor
4. **Title** Revenue share for solar energy projects

2. **Bill Number** HB 2269
House of Origin:
 Introduced
 Substitute
 Engrossed

Second House:
 X **In Committee**
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would provide that localities may assess a revenue share on energy storage systems of up to \$1,400 per megawatt. The bill would also increase the maximum revenue share amount that may be imposed on solar photovoltaic energy projects and energy storage systems for which an application has been approved by the locality on or after January 1, 2021 by ten percent on July 1, 2026 and every five years thereafter.

Currently, localities may impose revenue shares at a rate of up to \$1,400 on certain solar energy projects. Localities are not currently authorized to increase the maximum revenue share rate beyond \$1,400 per megawatt.

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. This bill would have no impact on state administrative costs.

Revenue Impact

This bill would have an unknown but positive impact to the revenues of localities that impose revenue shares. This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

Localities that impose revenue shares

10. Technical amendment necessary: No.

11. Other comments:

Commercial Solar Equipment and Local Revenue Shares

Localities may, by ordinance, assess a revenue share of up to \$1,400 per megawatt of generation capacity on a solar photovoltaic projects and require the owner of the project to provide the locality with data reflecting the annual megawatt hours generated by the project by March 30 of each calendar year. Localities are prohibited from assessing revenue shares upon certain customer-generators, small agricultural generators, solar projects that are 5 megawatts or less, or projects that are 20 megawatts or less for which an interconnection request form has been filed on or before December 31, 2018.

If a locality adopts a revenue share ordinance, the certified pollution control exemption for that solar project is 100 percent. For solar projects greater than 5 megawatts that are not eligible for the 100 percent exemption, an 80 percent exemption is available so long as application is made before July 1, 2030. No revenue share is permitted to be established for projects for which an application was filed prior to July 1, 2020 unless the owner and locality agree to waive a portion of the pollution control exemption that applies to the project and return the exemption to the locality or the owner and locality agree to enter into a new payment agreement.

Proposal

This bill would provide that localities may assess a revenue share on energy storage systems of up to \$1,400 per megawatt. The bill would also increase the maximum revenue share amount that may be imposed on solar photovoltaic energy projects and energy storage systems for which an application has been approved by the locality on or after January 1, 2021 by ten percent on July 1, 2026 and every five years thereafter.

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

Similar Legislation

House Bill 2006 and **Senate Bill 1201** would authorize localities to adopt revenue share ordinances on energy storage systems of up to \$1,400 per megawatt, with the maximum revenue share increasing by ten percent on July 1, 2026 and every five years thereafter for projects approved by the locality on or after January 1, 2021. The bills would also provide that the certified pollution control equipment and facilities exemption for projects greater than 5 but less than 150 megawatts would be 80 percent in the first five years of operation, 70 percent in years five through 10, and 60 percent thereafter. For projects greater than 5 megawatts, no exemption would be available unless application is filed with the locality before July 1, 2030. The exemption for eligible projects greater than 5 megawatts would be 100 percent if the locality has imposed a revenue share.

cc : Secretary of Finance

