Department of Planning and Budget
2009 Fiscal Impact Statement

1. **Bill Number:** HB2525

   House of Origin X Introduced ___ Substitute ___ Engrossed

   Second House ___ In Committee ___ Substitute ___ Enrolled

2. **Patron:** Miller, J.H.

3. **Committee:** Commerce and Labor

4. **Title:** Wind energy development

5. **Summary:** The bill exempts wind energy projects with a rated capacity of less than 100 megawatts that will be operated or constructed by a nonutility generator from provisions that require State Corporation Commission (SCC) approval. The Department of Environmental Quality (DEQ) is designated as the lead agency for issuing permits for such projects. Limits are imposed on the duration and financial obligations of the developer with respect to monitoring the effect of the project on birds and other wildlife. Any SCC proceeding involving an application for a certificate, permit, or approval required for the construction or operation by a public utility of a wind power facility is required to be completed within nine months following the utility's submission of a complete application. The measure establishes an investment tax credit whereby a taxpayer is allowed a credit against income taxes equal to 35 percent of the cost of constructing, purchasing, or leasing wind turbines and towers. The credit may be claimed over a five-year period. The amount of income tax credits in any taxable year shall not exceed 50 percent of the tax liability otherwise due, and a taxpayer is ineligible to claim a credit of more than $500,000 in any year. Finally the measure declares that wind turbines and towers are tangible personal property used primarily for the purpose of abating or preventing pollution of the atmosphere and waters of the Commonwealth and exempts 80 percent of their value from state and local taxation.

6. **Fiscal Impact Estimates:** Preliminary. See item 8.

7. **Budget Amendment Necessary:** No.

8. **Fiscal Implications:** According to the State Corporation Commission, the bill will not have a fiscal impact on the commission.

   The Department of Environmental Quality states that the costs associated with issuing permits for wind energy projects may be absorbed within the department’s existing budget.

   The Department of Taxation estimates that the bill will not have any administrative costs for the department because the changes required can be implemented as part of the annual changes to systems and forms. However, if the aggregate number of similar changes in a legislative session is significant, then additional resources may be required.

The magnitude of the investment tax credit and local property tax exemption is unknown. According to the Department of Taxation, it is unclear when the wind farm projects under consideration will move forward, and if the projects are developed, to what extent the projects meet the criteria for the credit. Wind turbines and towers that are constructed and qualify under the provisions of the bill, will result in a state and local revenue loss.

9. **Specific Agency or Political Subdivisions Affected:** State Corporation Commission, Department of Environmental Quality, Department of Taxation, and localities.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** The second enactment clause charges the State Corporation Commission and Department of Environmental Quality with developing joint guidelines for pre-application requirements, and directs the agencies to convene a working group of interested parties to provide comment on the guidelines.

    The bill is identical to Senate Bill 1347.

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cc: Secretary of Natural Resources
Secretary of Finance