

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

1. **Patron** Thomas C. Wright, Jr.

3. **Committee** House Finance

4. **Title** Property Tax Exemption for Certified
Pollution Control; Solar Photovoltaic
Systems

2. **Bill Number** HB 2810

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would advance the sunset date for the property tax exemption for solar photovoltaic (electric energy) projects greater than 20 megawatts from January 1, 2024 to January 1, 2020.

If enacted during the regular session of the 2019 General Assembly, this bill would be effective July 1, 2019.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill could have an unknown impact on administrative costs to localities with solar facilities. It would have no impact on state administrative costs.

Revenue Impact

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

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

All localities

10. **Technical amendment necessary:** No

11. Other comments:

Local Property Tax Exemptions for Solar Equipment

Article X, § 6 of the Constitution of Virginia lists all property that may be exempted from taxation by general law. Article X, § 6 (d) provides that the General Assembly may define as a separate subject of taxation any property used primarily for the purpose of abating or preventing air or water pollution or for the purpose of transferring or storing solar energy and by general law may allow the governing body of any locality to exempt such property from taxation, or by general law may directly exempt such property from taxation.

Exemptions for Commercial Solar Equipment

Under current law, there is a mandatory local exemption for “certified pollution control equipment and facilities.” This exemption specifically applies to the following solar photovoltaic (electric energy) projects:

- projects equaling 20 megawatts or less, for which an initial interconnection request has been filed with an electric utility or a regional transmission organization on or before December 31, 2018;
- projects equaling 20 megawatts or less, that serve certain public institutions of higher education or certain private colleges;
- 80 percent of the assessed value of projects for which an initial interconnection request form has been filed (a) between January 1, 2015, and June 30, 2018, for projects greater than 20 megawatts or (b) on or after July 1, 2018, for projects greater than 20 megawatts and less than 150 megawatts, and that are first in service on or after January 1, 2017;
- projects equaling five megawatts or less, for which an initial interconnection request form has been filed on or after January 1, 2019; and
- 80 percent of the assessed value of all other projects equaling more than five megawatts and less than 150 megawatts, for which an initial interconnection request form has been filed with an electric utility or a regional transmission organization on or after January 1, 2019. The exemption for solar photovoltaic (electric energy) projects greater than 20 megawatts does not apply to projects upon which construction begins after January 1, 2024.

Proposal

This bill would advance the sunset date for the real property tax exemption for solar photovoltaic (electric energy) projects greater than 20 megawatts from January 1, 2024 to January 1, 2020.

If enacted during the regular session of the 2019 General Assembly, this bill would be effective July 1, 2019.

cc : Secretary of Finance

Date: 1/26/2019 SK
HB2810F161