

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Terry L. Austin

2. **Bill Number** HB 1327

3. **Committee** Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Property Taxes; Generating Equipment of
Electric Suppliers Utilizing Wind Turbines

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would allow localities to tax generating equipment owned by electric suppliers utilizing wind turbines for which an initial interconnection request has been filed on or before July 1, 2020 at a rate not to exceed the real estate tax rate by more than \$0.20 per \$100 of assessed value.

Under current law, localities may tax such generating equipment at a rate that exceeds the real estate tax rate, but not to exceed the rate applicable to the general class of personal property in the locality.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

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 a positive revenue impact on localities that choose to exercise the authority to levy property tax on this equipment at a higher rate. This bill would have no impact on state revenues.

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

Localities encompassing electric suppliers utilizing wind turbines.

10. Technical amendment necessary: No.

11. Other comments:

Public Service Corporations

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.

In 2006, the General Assembly passed legislation that authorized localities to tax the generating equipment of electric suppliers utilizing wind turbines at a rate higher than the real estate rate but not exceeding the rate applicable to the general class of personal property in the locality.

Proposal

This bill would allow localities to tax generating equipment owned by electric suppliers utilizing wind turbines for which an initial interconnection request has been filed on or before July 1, 2020 at a rate not to exceed the real estate tax rate by more than \$0.20 per \$100 of assessed value. All other generating equipment reported to the State Corporation Commission by electric suppliers utilizing wind turbines would be permitted to be taxed by the locality at a rate that exceeds the real estate rate but that does not exceed the general class of personal property tax rate applicable in the respective localities.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

Similar Legislation

House Bill 724 and **Senate Bill 273** would extend the sunset date for the classification of tangible personal property used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District as a separate class of property from June 30, 2019, to June 30, 2029.

House Bill 1021 would clarify that equipment used for forest harvesting and silvicultural activities qualifies as farm machinery and farm implements that localities may choose to exempt. The bill would also clarify that localities may not classify exempt equipment used for forest harvesting and silvicultural activities as a separate class of tangible personal property subject to tax at a lower rate.

cc : Secretary of Finance

Date: 3/2/2020 VB
HB1327FER161