

DEPARTMENT OF TAXATION

2021 Fiscal Impact Statement

1. **Patron** Stephen E. Heretick

2. **Bill Number** HB 2269

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Passed House and Senate

4. **Title** Revenue share for solar energy projects

Second House:

 In Committee

 Substitute

 X **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 2021 General Assembly, Special Session I, 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 2021 General Assembly, Special Session I, this bill would become effective July 1, 2021.

Similar Legislation

House Bill 2006 and **Senate Bill 1201** contain provisions identical this bill and would also make changes to the local property tax exemption for certified pollution control equipment and facilities.

cc : Secretary of Finance

Date: 2/24/2021 VB
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