

State Corporation Commission

2021 Fiscal Impact Statement

1. Bill Number: SB1380

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Lucas

3. Committee: Commerce and Labor

4. Title: Electric utilities; electric school bus projects; report.

5. Summary: Authorizes electric utilities to partner with school divisions to implement projects designed to encourage the proliferation of school buses that are fueled in whole or in part by electricity, along with associated charging and other infrastructure, for the purpose of transporting students and that may also serve as electric grid stabilization or peak-shaving resources. The bill provides that if an electric school bus project meets the requirements in the bill, then it is in the public interest and may constitute an energy storage resource. The bill requires an electric school bus project and its corresponding agreement to include a provision to compensate a participating school division for the use of the school bus battery by the electric utility as a grid stabilizing or peak-shaving resource and a provision that the electric school buses shall be titled under the participating school division, but the utility shall own the associated batteries and charging stations. The bill also provides a tax exemption for electric school buses and associated charging and other infrastructure that is related or incidental to an authorized electric school bus project.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission

8. Fiscal Implications: None on the State Corporation Commission

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary: No

11. Other Comments: Please see fiscal comments regarding this legislation provided by the Department of Taxation, attached.

MAC 1/20/21

KPB 1/21/21

DEPARTMENT OF TAXATION

2021 Fiscal Impact Statement

1. **Patron** L. Louise Lucas

3. **Committee** Senate Commerce and Labor

4. **Title** Electric utilities; electric school bus projects;
report

2. **Bill Number** SB 1380

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Email to SCC

Legislation.Responses@scc.virginia.gov

5. **Summary/Purpose:**

This impact statement is limited to taxes administered by the Department of Taxation.

This bill would include electric school buses and associated charging and other infrastructure, solar photovoltaic or otherwise, related or incidental to an electric school bus project within the exemption for certified pollution control equipment and facilities. These buses and associated infrastructure would therefore be deemed a separate class of property and exempt from state and local taxation.

Under current law, the exemption for certified pollution control equipment and facilities does not extend to electric school buses or associated charging infrastructure, solar photovoltaic or otherwise.

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. The Department of Taxation considers implementation of this bill to be routine and does not require additional funding.

Revenue Impact

The revenue impact of exempting electric school buses should be minimal as current law already exempts buses owned by public schools. However, the impact of exempting batteries and other charging infrastructure owned by utilities is unknown.

9. Specific agency or political subdivisions affected:

All localities
Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Certified Pollution Control Exemption

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.

Certified pollution control equipment and facilities are deemed a separate class of property and are exempt from state and local taxation. Certified pollution control equipment and facilities means any property, including real or personal property, equipment, facilities, or devices, used primarily for the purpose of abating or preventing pollution of the atmosphere or waters of the Commonwealth and which the state certifying authority having jurisdiction has certified as having been constructed, reconstructed, erected, or acquired in conformity with the state program requirements for abatement or control of water or atmospheric pollution or contamination.

Proposal

This bill would include electric school buses and associated charging and other infrastructure, solar photovoltaic or otherwise, related or incidental to an electric school bus project within the exemption for certified pollution control equipment and facilities. These buses and associated infrastructure would therefore be deemed a separate class of property and exempt from state and local taxation.

The bill would define “electric school bus project” as a project conducted by a utility in partnership with a participating school division for the use of electric school buses, along with the associated charging stations and other infrastructure, for the purpose of transporting students of any public school division within the Commonwealth and that may also serve as an electric grid stabilization or peak-shaving resource.

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

Similar Legislation

House Bill 1979 would create a rebate program for the purchase or lease of new and used electric vehicles.

House Bill 2006 would provide that energy storage systems and the components purchased for use in such systems are exempt from the retail sales and use tax. The bill would authorize localities to adopt revenue share ordinances on such projects of up to

\$1,400 per megawatt. The bill would also provide that energy storage systems are a separate class of property and shall constitute classification for local taxation separate from other such classifications of real or personal property and projects greater than 5 but less than 150 megawatts are exempt from state and local taxation.

House Bill 2269 would provide that the maximum amount of the revenue share that may be imposed by a locality on certain solar energy products shall be adjusted every five years by the percentage by which the Consumer Price Index for all Urban Consumers (CPI-U) exceeds the CPI-U on December 31, 2020. The bill would give the locality the discretion to substitute the Marshall and Swift Building Cost Index instead of the CPI-U.

Senate Bill 1201 would amend the definition of electric supplier to include certain battery storage facilities with a storage capacity greater than 25 megawatts and would subject such facilities to central assessment by the State Corporation Commission.

cc : Secretary of Finance

Date: 1/17/2021 VB
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