

Background: SB 486

Standardization of Property Tax Value for Commercial Solar Systems

What it's about:

Because of the Future Energy Jobs Act, Illinois will experience increased development of ground-mounted solar energy systems. These systems will range anywhere from two megawatts to hundreds of megawatts (MW) in size. There presently exists a limited number of smaller ground-mount solar systems in Illinois today, and there has been no consensus on how to value them for property tax purposes.



To address the need for a predictable process in which to value ground mount solar energy systems, the

Illinois General Assembly unanimously passed SB 486 in May 2018. This bill provides a standardized formula for both assessed values and the depreciation schedule for ground-mounted commercial solar energy systems. This legislation is modeled after the successful standard assessment formula adopted for wind energy, which the General Assembly enacted in 2007. This legislation provides a predictable process for how solar energy systems will be valued for property tax purposes, will provide millions of dollars in new tax revenue to rural communities and provide solar energy developers and property owners with a standardized statewide formula for determining the value of completed ground mount systems.

Bill Details:

- Results in annual property tax burden of \$5,000-\$7,000/MW/year depending on local jurisdiction
- Sets the market value of ground-mount solar at \$218,000/MW, including the land valuation and is not subject to any equalization factor applied by local jurisdictions
- Any remaining land outside of the project lease footprint will continue to be taxed at its current use providing a metes & bounds legal description is provided for the actual developed area
- The market value of the system increases over time with inflation based on the Consumer Price Index, offset by allowable depreciation over 25 years to a level of no less than 30% of its initial value
- The actual tax *rate* applied to the system varies by local jurisdiction and Township Assessors
- Provides certainty and protection for the landowner and the project owner
- Provides that the underlying land goes back to the farmland assessment value immediately after the system is decommissioned and removed