



Tax certainty and consistency is a necessary element to enable project financing, appropriate contract terms, and encourage deployment of new resilient energy infrastructure that can create meaningful cost savings for all electric ratepayers.

Problem:

Vermont law does not address state education or real property taxes for energy storage. This uncertainty is increasing the cost of resilient energy storage and discouraging deployment of this new cost saving energy efficiency technology in Vermont.

Proposed language will:

- Create consistent property tax treatment for energy storage projects – an emerging resilience and electricity efficiency/demand technology
- Create tax certainty for existing and new solar and energy storage projects
- Clarify initial legislative intent that renewable energy projects not impact underlying land value assessments, as non-residential projects already pay property tax on the equipment annual per state formula
- Simplify assessment of storage and solar projects, increasing state and local revenues and saving government administrative costs and time.

_____ = suggested new text

32 V.S.A. § 8701 Uniform capacity tax

(a) As used in this section, the terms "kW," "plant," "plant capacity," "energy storage facility", and "renewable energy" shall be as defined in 30 V.S.A. § 8002 or 30 V.S.A § 201; provided, however, that any tax or exemption under this chapter shall only apply to the fixtures and personal property of a plant, and not to the underlying land.

(b) There is assessed on any renewable energy plant in Vermont commissioned to generate solar power an annual tax of \$4.00 per kW plant capacity. The tax shall be paid to the Department of Taxes no later than April 15 of each year and accompanied by a return with such information as the Department of Taxes may require. The Department of Taxes shall deposit the taxes collected under this section into the Education Fund. The Department of Taxes may adopt procedures and rules necessary to implement the tax in this section.

(c) There is assessed on any stationary grid connected energy storage facility with energy rating larger than 600kWh in Vermont not connected to a renewable energy plant an annual tax of \$.50 per kWh. The tax shall be paid to the Department of Taxes no later than April 15 of each year and accompanied by a return with such information as the Department of Taxes may require. The Department of Taxes shall deposit the taxes collected under this section into the Education Fund. The Department of Taxes may adopt procedures and rules necessary to implement the tax in this section.



(c) A renewable energy plant that generates electricity from solar power shall be exempt from taxation under this section if it has a plant capacity of less than 50kW or less. An energy storage facility or an energy transformation project shall be exempt from taxation under this section if it has a plant energy rating of 600 kWh or less.

(d) The existence of a renewable energy plant or energy storage facility subject to tax under subsection (b) of this section shall not

(i) alter the exempt status of any underlying property under section 3802 or subdivision 5401(10)(F) of this title.

(ii) alter the amount of tax assessed to the underlying real property or the underlying property tax classification under section 3802 of this title.

(Added 2011, No. 127 (Adj. Sess.), § 1, eff. Jan. 1, 2013; amended 2013, No. 73, § 41, eff. June 5, 2013; 2013, No. 174 (Adj. Sess.), § 29, eff. Jan. 1, 2015.)

32 V.S.A. § 3802 Property tax

The following property shall be exempt from taxation:

(17) Real and personal property, except land, composing a renewable energy plant generating electricity from solar power which has a plant capacity of less than 50 kW or less and is either:

(A) operated on a net-metered system; or

(B) not connected to the electric grid and provides power only on the property on which the plant is located.

(18) Real and personal property, except land, composing an energy storage facility which has a plant energy rating of 600 kWh or less.

32 V.S.A. § 5401 Definitions

(F) Property owned by a municipality which is located within that municipality and which is used for municipal purposes including the provision of utility services.

(J) Buildings and fixtures of:

(i) wind-powered electric generating facilities taxed under section 5402c of this title; and

(ii) renewable energy plants generating electricity from solar power or energy storage facilities that are taxed under section 8701 of this title.



32 V.S.A. § 3481

(D)(i) For real and personal property comprising a renewable energy plant generating electricity from solar power, except land and property that is exempt under subdivision 3802(17) of this title, the appraisal value shall be determined by an income capitalization or discounted cash flow approach that includes the following:

(I) an appraisal model identified and published by the Director employing appraisal industry standards and inputs;

(II) a discount rate determined and published annually by the Director;

(III) the appraisal value shall be 70 percent of the value calculated using the model published by the Director based on an expected 25-year project life and shall be set in the grand list next lodged after the plant is commissioned and each subsequent grand list for the lesser of the remaining life of the project or 25 years;

(IV) for the purposes of calculating appraisal value for net metered systems receiving a credit specified in 30 V.S.A. § 219a (h)(1)(K), the model used to calculate value will not incorporate a factor for electricity rate escalation; and

(V) for plants operating as a net-metered system as described in 30 V.S.A. § 219a with a capacity of 50 kW or greater, the plant capacity used to determine value in the model shall be reduced by 50 kW and the appraisal value shall be calculated only on additional capacity in excess of 50 kW.

(ii) As an alternative to the assessment described in (i), the owner of any grid connected renewable energy plant in Vermont commissioned after January 1, 2022 to generate solar power with a nameplate capacity of larger than 50 kW (AC), may elect to be assessed an annual tax of \$4.00 per kW plant capacity (AC). The real property underlying the renewable energy plant is subject to the exemption pursuant to 23 V.S.A. § 3802(17) and 32 V.S.A § 8701(d). The owner of a renewable energy plant commissioned prior to January 1, 2022 may also receive the assessment of this subsection instead of (i) upon request.

(iii) For real and personal property comprising of an energy storage facility, except land and property that is exempt under subdivision 3802(18) of this title, the appraisal value shall be \$0.25 per kWh.

~~(ii)~~ (iv) The owner of a project shall respond to a request for information from the municipal assessing officials by returning the information sheet describing the project in the form specified by the Director not later than 45 days after the request for information is sent to the owner. If the owner does not provide a complete and timely response, the municipality shall determine the appraisal value using the published model and the best estimates of the inputs to the model available to the municipality at the time, and the provisions of section 4006 of this title shall apply to the information form in the same manner as if the information form were an inventory as described in that section. Nothing in this subdivision (1)(D) shall affect the availability of the exemption set forth in the provisions of section 3845 of this title or availability of a contract under the provisions of 24 V.S.A. § 2741.