

Standardization of Property Tax Value for Commercial Solar Energy Systems



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Constitutional Requirements

- Except as otherwise provided in this Section, taxes upon real property shall be levied uniformly by valuation ascertained as the General Assembly shall provide by law.

—*Art. IX, Sec 4, Illinois Constitution*

- On or before January 1, 1979, the General Assembly by law shall abolish all ad valorem personal property taxes . . .

—*Art. IX, Sec 5, Illinois Constitution*

Solar Energy Process (single site)

- Adopted 1975
- Valuation based on:
 - Never more than conventional power systems
 - Can be lower if market resistance to solar
- Does not include utility-grade solar energy



Wind Energy Process

- ❑ Adopted 2007
- ❑ Valuation based on:
 - Capacity
 - Adjusted for inflation
 - Depreciated for age
- ❑ Statewide uniformity
- ❑ Originally through 2011, extended through 2021



Solar Energy Process (Utility-Scale)

- Adopted 2018
- Valuation based on:
 - Capacity
 - Adjusted for inflation
 - Depreciated for age
- Statewide uniformity
- Effective through 2033.



Valuation Process (Year 1)

	Year 1
Faceplate Capacity (MW)	2
Real Property Cost Basis/MW	\$218,000
Real Property Cost Basis	\$436,000
Trending Factor	1.00
Adjusted Real Property Cost Basis	\$436,000
Depreciation (age/25 years, up to 70%)	0%
Depreciated Real Property Value	\$436,000
Level of Assessments	33.33%
Assessed Value	\$145,319
Local Tax Rate	8.0000%
Tax Revenue	\$11,625.52

Valuation Process (Year 5)

	Year 1	Year 5
Faceplate Capacity (MW)	2	2
Real Property Cost Basis/MW	\$218,000	\$218,000
Real Property Cost Basis	\$436,000	\$436,000
Trending Factor	1.00	1.09
Adjusted Real Property Cost Basis	\$436,000	\$475,240
Depreciation (age/25 years, up to 70%)	0%	20%
Depreciated Real Property Value	\$436,000	\$380,192
Level of Assessments	33.33%	33.33%
Assessed Value	\$145,319	\$126,718
Local Tax Rate	8.0000%	8.0000%
Tax Revenue	\$11,625.52	\$10,137.44



Other Considerations

- ❑ Value not subject to equalization
- ❑ Value includes both land and improvements
- ❑ Value of improvements considered “new property” under PTELL
- ❑ Process not applicable to solar farms in Cook County

Questions?



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