



COMMONWEALTH of VIRGINIA

Department of Taxation

April 6, 2017

J. Christian Tennant, Esq.
McGuire Woods LLP
Gateway Plaza
800 East Canal Street
Richmond, VA 23219-3916

Dear Mr. Tennant:

Thank you for your letter of April 6, 2017 regarding the calculation of the true value of real estate and public service corporation (PSC) property and the treatment of a proposed solar electricity generating facility in Mecklenburg County.

Your client seeks to build a \$100 million photovoltaic solar electricity generating facility in Mecklenburg County. The facility will likely qualify for an 80% property tax exemption under *Va. Code* § 58.1-3660. You have inquired whether the entire value of the facility, or just the taxable portion, will be included in the true value of real estate and PSC property in the county. You are concerned that if the entire value is included, the negative impact on state educational funding in the locality will outweigh the property taxes resulting from the 20% of the value of the property that will not qualify for the state mandated exemption.

As you state in your letter, the issue of how to treat the value of a solar facility that is exempt from property taxes under *Va. Code* § 58.1-3660 was discussed at a March 24, 2017 meeting convened by the Secretary of Finance. In response to your inquiry, in the event that the proposed solar farm is built and qualifies for the 80% exemption under *Va. Code* § 58.1-3660, the Department will exclude the exempt value of the property from the true values of real estate and PSC property in the county.

The representative from the State Corporation Commission, Bobby Tucker, Director of Public Service Taxation, agreed that he will be able to provide the fair market value of all property assessed by the Commission, the portion of the fair market value that is entitled to a mandatory tax exemption pursuant to the *Code of Virginia* and the actual assessed value of all property which excludes all mandatory tax exemptions to the Department regarding PSC property. The actual assessed value will be reported by the Department to the Department of Education (DOE) as the true value of property to be used by DOE to calculate the amount of state educational funding.

If you have any questions about this letter, you may contact Larry Durbin at (804) 786-3337.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig M. Burns".

Craig M. Burns
Tax Commissioner

Cc: The Honorable Richard D. Brown, Secretary of Finance
Mr. Bobby Tucker, State Corporation Commission
Ms. Emily J.S. Winbigler, Esq.