

# **VACo Economic Development & Planning Steering Committee**

August 15, 2019

## **2019 General Assembly Review of Relevant Issues**



# **Utility-Scale Solar – Local Taxation**

## **State-mandated Exemption for Machine & Tool Tax (M&T)**

### **100% exemptions for:**

- 20MW or less (interconnection request filed on or before 12-31-2018);
- 20MW or less that serve public or private colleges; and
- 5MW or less (interconnection request is filed on or after 1-1-2019).

### **80% exemptions for:**

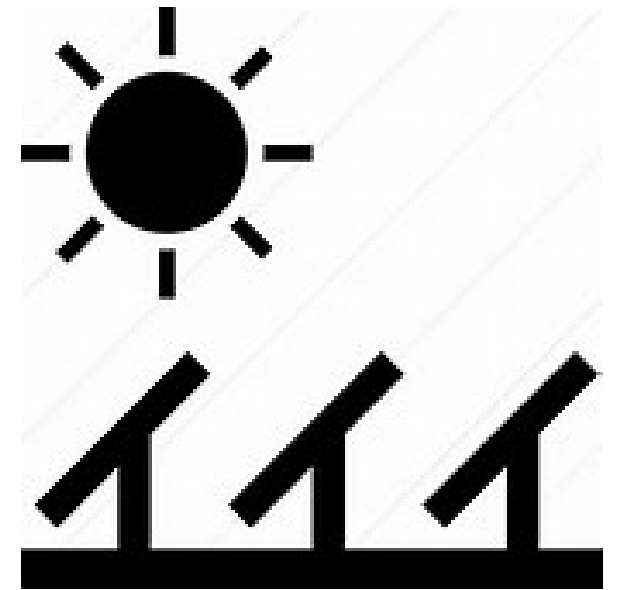
- Projects greater than 20MW (interconnection requested filed before 7-1-2018)
- Greater than 20MW and less than 150MW (interconnection request was filed after 7-1-2018);

### **Local Option for 150MW and above**

**Exemption for 20MW-150MW sunsets January 1, 2024**

# Impact of Applicable Local Government Taxes on Utility Scale Solar

- M&T Tax exemption does not apply to the real estate – potential offset for loss in M&T revenue;
- Nuance in application of M&T – projects greater than 25 MW then are taxed at the applicable real estate rate;
- Rollback taxes on real estate due on land no longer eligible for use valuation (farmland, timber); and
- Real estate currently assessed under agricultural use designation will change to industrial/commercial use designation.



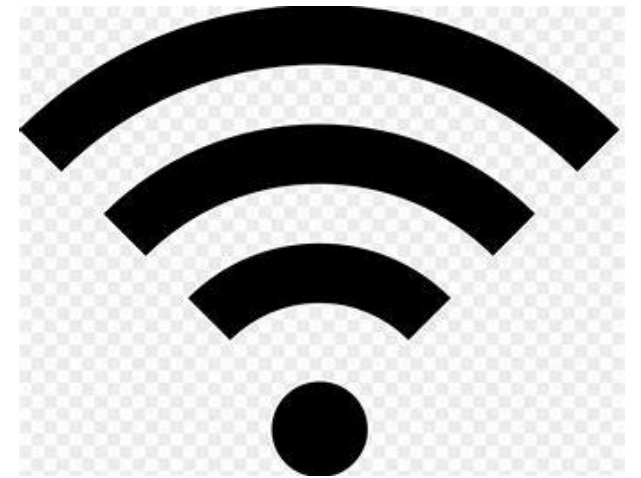
## **Impact of Applicable Local Government Taxes (cont.)**

Depreciation schedule for value of utility-scale solar equipment

- Virginia State Corporation Commission (SCC) Public Service Taxation Division developed a depreciation schedule for the fair market value (FMV) of utility-scale solar equipment (above 25 MW);
- Years 1 through 5 the taxable FMV is 90% of original capitalized costs; and
- Percentage of taxable FMV declines steadily years 6 through 23, and reaches a floor of 10% in year 24 and beyond.

# Broadband

- GA approves \$19 million in grant funds in FY 2020 to localities through the Virginia Telecommunications Initiative (VATI) ;
- HB 2691 establishes a pilot program for Dominion Energy and Appalachian Power to expand available internet capacity in conjunction with their plans to modernize the electric grid by installing fiber-optic telecommunications capacity between generation, transmission and distribution points; and
- HB 2141 expands the authority of localities to create service districts to “...contract with a broadband service provider who will construct, maintain, and own communications facilities and equipment required to facilitate delivery of last-mile broadband services to unserved areas of the service district.”



# Short Term Rentals – failed legislation

- SB 1701 if it had passed would have unfairly impacted one county with potential implications for other VACo members.
- The bill mandated that Fairfax County triple the number of nights per year (going from 60 to 180) that residential dwellings be allowed “by right” to provide short-term rentals typically facilitated through online platforms such as Airbnb, FlipKey, and HomeAway;
- Fairfax County adopted regulations in 2018 to allow such short-term rentals in residential neighborhoods where previously they were not allowed. Based input from the community, including 11 public hearings and conduction of an online survey, the Board of Supervisors put in place reasonable restrictions, to address multiple stakeholder viewpoints;
- VACo opposed the bill as it would set an unwelcome precedent and have a chilling effect on the willingness of local elected bodies to accommodate short-term rentals in residential areas.

