HB5284

LRB10019242HLH34508b

100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB5284

by Rep. Lou Lang

SYNOPSIS AS INTRODUCED:

35 ILCS 200/10-5
35 ILCS 200/Art. 10 Div. 20 heading new
35 ILCS 200/10-720 new
35 ILCS 200/10-725 new
35 ILCS 200/10-730 new
35 ILCS 200/10-735 new
35 ILCS 200/10-740 new
35 ILCS 200/10-745 new
35 ILCS 200/10-750 new

Amends the Property Tax Code. Changes the definition of "solar energy system". Defines "allowance for physical depreciation", "commercial solar energy system", "commercial solar energy system real property cost basis", "ground installation", "trending factor", and "trended real property cost basis". Provides the equation for the fair cash value of commercial solar energy systems in counties with fewer than 3,000,000 inhabitants. Provides exemptions for specific commercial solar energy systems property. Provides that the owner of the land the ground installation commercial solar energy system is constructed upon may request a metes and bounds survey description of the area and provides the procedures for such a request. Provides the equation for the fair cash value per acre of a parcel of land where a commercial solar energy system is installed. Provides that any real property assessed as farmland in the year prior to valuation shall return to being assessed as farmland in the year after the commercial solar energy system has been removed and the property is returned to farm use. Effective immediately.

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A BILL FOR

AN ACT concerning revenue.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Property Tax Code is amended by changing Section 10-5 and by adding Division 20 of Article 10 as follows:

(35 ILCS 200/10-5)

Sec. 10-5. Solar energy systems; definitions. It is the policy of this State that the use of solar energy systems should be encouraged because they conserve nonrenewable resources, reduce pollution and promote the health and well-being of the people of this State, and should be valued in relation to these benefits.

(a) "Solar energy" means radiant energy received from the sun at wave lengths suitable for heat transfer, photosynthetic use, or photovoltaic use.

(b) "Solar collector" means

(1) An assembly, structure, or design, including passive elements, used for gathering, concentrating, or absorbing direct and indirect solar energy, specially designed for holding a substantial amount of useful thermal energy and to transfer that energy to a gas, solid, or liquid or to use that energy directly; or

(2) A mechanism that absorbs solar energy and converts it into electricity; or

(3) A mechanism or process used for gathering solar energy through wind or thermal gradients; or

(4) A component used to transfer thermal energy to a gas, solid, or liquid, or to convert it into electricity.

(c) "Solar storage mechanism" means equipment or elements (such as piping and transfer mechanisms, containers, heat exchangers, or controls thereof, and gases, solids, liquids, or combinations thereof) that are utilized for storing solar energy, gathered by a solar collector, for subsequent use.

(d) "Solar energy system" means

(1)(A) A complete assembly, structure, or design of solar collector, or a solar storage mechanism, which uses solar energy for generating electricity <u>that is primarily consumed on the property in which the solar energy system resides,</u> or for heating or cooling gases, solids, liquids, or other materials <u>for the primary benefit of the property on which the solar energy system resides</u>;

(B) The design, materials, or elements of a system and its maintenance, operation, and labor components, and the necessary components, if any, of supplemental conventional energy systems designed or constructed to interface with a solar energy system; and

(C) Any legal, financial, or institutional orders, certificates, or mechanisms, including easements, leases,

and agreements, required to ensure continued access to solar energy, its source, or its use in a solar energy system, and including monitoring and educational elements of a demonstration project.

(2) "Solar energy system" does not include:

(A) Distribution equipment that is equally usable in a conventional energy system except for those components of the equipment that are necessary for meeting the requirements of efficient solar energy utilization; ~~and~~

(B) Components of a solar energy system that serve structural, insulating, protective, shading, aesthetic, or other non-solar energy utilization purposes, as defined in the regulations of the Department of Commerce and Economic Opportunity; and ~~.~~

(C) A commercial solar energy system, as defined by this Code, in counties with fewer than 3,000,000 inhabitants.

(3) The solar energy system shall conform to the standards for those systems established by regulation of the Department of Commerce and Economic Opportunity.

(Source: P.A. 94-793, eff. 5-19-06.)

(35 ILCS 200/Art. 10 Div. 20 heading new)

Division 20. Commercial Solar Energy Systems

(35 ILCS 200/10-720 new)

Sec. 10-720. Definitions. For the purpose of this Division 20:

"Allowance for physical depreciation" means the actual age in years of the commercial solar energy system on the assessment date divided by 40 years multiplied by its trended real property cost basis. The physical depreciation, however, may not reduce the value of the commercial solar energy system to less than 50% of its trended real property cost basis.

"Commercial solar energy system" means any device or assembly of devices which use solar energy from the sun for generating electricity for the primary purpose of wholesale or retail sale, and which is not primarily consumed on the property in which the device or devices reside.

"Commercial solar energy system real property cost basis" represents the real property improvements of a commercial solar energy system and means $446,000 per megawatt of system capacity.

"Ground installation" means the installation of a commercial solar energy system on a parcel or tract of land that does not contain any improvement used for any purpose other than a commercial solar energy system.

"Trending factor" means a number equal to the consumer price index (U.S. city average all items) published by the Bureau of Labor Statistics for the December immediately preceding the assessment date, divided by the consumer price

index (U.S. city average all items) published by the Bureau of Labor Statistics for December of 2017.

"Trended real property cost basis" means the commercial solar energy system real property cost basis multiplied by the trending factor.

(35 ILCS 200/10-725 new)

Sec. 10-725. Improvement valuation of commercial solar energy systems in counties with fewer than 3,000,000 inhabitants. Beginning in assessment year 2018, the fair cash value of commercial solar energy system improvements in counties with fewer than 3,000,000 inhabitants shall be determined by subtracting the allowance for physical depreciation from the trended real property cost basis.

(35 ILCS 200/10-730 new)

Sec. 10-730. Exempt properties. The provisions of this Division do not apply to commercial solar energy systems that are owned by any person or entity that is otherwise exempt from taxation under this Code.

(35 ILCS 200/10-735 new)

Sec. 10-735. Commercial solar energy systems not subject to equalization.Commercial solar energy systems assessable under this Division are not subject to equalization factors applied by the Department or any board of review, assessor, or chief

county assessment officer.

(35 ILCS 200/10-740 new)

Sec. 10-740. Survey for ground installations; parcel identification numbers. Notwithstanding any other provision of law, the owner of the land the ground installation commercial solar energy system is constructed upon may request a metes and bounds survey description of the area immediately surrounding the commercial solar energy system, including access routes, over which the owner of the commercial solar energy system has exclusive control. Upon such a request the owner of the ground installation commercial solar energy system shall at his or her own expense, use an Illinois registered land surveyor to prepare the survey. The owner of the ground installation commercial solar energy system shall deliver a copy of the survey to the chief county assessment officer and to the owner of the land the ground installation commercial solar energy system is constructed on. Upon receiving a copy of the survey, the chief county assessment officer shall issue a separate parcel identification number or numbers for the property containing the ground installation commercial solar energy system to be used only for the purposes of property assessment for taxation. A plat prepared under this section shall not be construed as a violation of the Plat Act.

(35 ILCS 200/10-745 new)

Sec. 10-745. Land Valuation for ground installations. Beginning in assessment year 2018, the fair cash value per acre of a parcel of land upon which a commercial solar energy system is installed on the ground shall be determined by multiplying $10,000 by the trending factor.

(35 ILCS 200/10-750 new)

Sec. 10-750. Property assessed as farmland. Notwithstanding any other provision of law, a tract of real property assessed as farmland in accordance with Section 10-110 in the assessment year prior to valuation under this Division shall return to being assessed as farmland in accordance with Section 10-110 in the year following completion of the removal of the commercial solar energy system as long as the property is returned to a farm use as defined in Section 1-60 of this Act, notwithstanding that the land was not used for farming for the 2 preceding years.

Section 99. Effective date. This Act takes effect upon becoming law.