

## Vermont Statutes Relating to the Taxation of Solar Plants

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### 32 V.S.A. § 8701 Uniform Capacity Tax

(a) As used in this section, the terms "kW," "plant," "plant capacity," and "renewable energy" shall be as defined in 30 V.S.A. § 8002; 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) A renewable energy plant that generates electricity from solar power shall be exempt from taxation under this section if it has a plant capacity less than 50kW.

(d) The existence of a renewable energy plant subject to tax under subsection (b) of this section shall not alter the exempt status of any underlying property under section 3802 or subdivision 5401(10)(F) of this title.

### 30 V.S.A. § 8002 Definitions (Chapter 89: Renewable Energy Programs)

(2) "Commissioned" or "commissioning" means the first time a plant is put into operation following initial construction or modernization if the costs of

modernization are at least 50 percent of the costs that would be required to build a new plant including all buildings and structures technically required for the new plant's operation. However, these terms shall not include activities necessary to establish operational readiness of a plant.

(14) "Plant" means an independent technical facility that generates electricity from renewable energy. A group of newly constructed facilities, such as wind turbines, shall be considered one plant if the group is part of the same project and uses common equipment and infrastructure such as roads, control facilities, and connections to the electric grid.

(15) "Plant capacity" means the rated electrical nameplate for a plant, except that, in the case of a solar energy plant, the term shall mean the aggregate AC nameplate capacity of all inverters used to convert the plant's output to AC power.

### 32 V.S.A. § 3802 Property Tax (Chapter 125: Property Tax Exemptions)

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 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.

## **32 V.S.A. § 5401(10)(J) Definitions** **(Chapter 135: Education Property Tax)**

"Nonresidential property" means all property except: 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 that are taxed under section 8701 of this title.

## **32 V.S.A. § 3481 (D)(i) Miscellaneous Provisions Pertaining to the Listing of Property for Taxation**

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) 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.

## **32 V.S.A. § 3845 Renewable Energy Sources (Chapter 125: Property Tax Exemptions)**

- (a) At an annual or special meeting warned for that purpose, a town may, by a majority vote of those present and voting, exempt renewable energy sources, as defined herein, from real and personal property taxation. Such exemption shall first be applicable against the grand list of the year in which the vote is taken and shall continue until voted otherwise, in the same manner, by the town.
- (b) As used in this section, renewable energy shall have the same meaning as in 30 V.S.A. § 8002(17) for energy used on the premises for private, domestic, or agricultural purposes, no part of which may be for sale or exchange to the public. The term shall include grist mills, windmills, facilities for the collection of solar energy or the conversion of organic matter to methane, net-metering systems regulated by the Public Service Board under 30 V.S.A. § 219a, and all component parts thereof, but excluding land upon which the facility is located.

## 24 V.S.A. § 2741 Municipal Corporations; Property Values Fixed by Contract

(a) A municipal corporation, as hereinafter provided, may enter into a contract with owners, lessees, bailees, or operators of agricultural, forest land, open space land, industrial or commercial real and personal property and alternate-energy generating plants for the purpose of:

- (1) fixing and maintaining the valuation of such property in the grand list;
- (2) fixing and maintaining the rate or rates of tax applicable to such property;
- (3) fixing the amount in money which shall be paid as an annual tax upon such property; or
- (4) fixing the tax applicable to such property at a percentage of the annual tax.

(b) A municipal corporation, by vote of a majority of those present and voting at an annual or special meeting warned for that purpose for a contract relating to agricultural or forest property, open space land, or to alternate-energy generating plants, or by a vote of two-thirds of those present and voting at annual or special meeting warned for that purpose for a contract relating to commercial or industrial property, may either:

- (1) provide general authority to its legislative branch to enter into such contracts as application is made; or
- (2) provide limited authority to its legislative branch to negotiate contracts which shall be effective upon ratification by a majority of those present and voting at an annual or special meeting warned for that purpose.

(c) Any contract entered into pursuant to this section:

- (1) shall not be for a period in excess of ten years except for a contract to stabilize taxes for an alternate-energy generating plant in which case the term shall not exceed the term of any license, permit or other approval required to operate such a plant;
- (2) shall be filed with the clerk of the municipal corporation and shall be available for public inspection;

(3) may be with existing or new owners, lessees, bailees or operators of such property, or with persons who intend to become owners, lessees, bailees or operators of such property; and

(4) may be applicable to existing agricultural or forest property or open space land; renovations of or additions to existing agricultural, commercial or industrial property, or open space land; or to new agricultural, forest, commercial or industrial property, or open space land.

(d) For purposes of this section:

(1) "Renewable energy source" means any inexhaustible, continuous or readily replaceable supply of energy including, without limitation, solar, wind, hydroelectric, and geothermal. "Renewable energy source" does not mean any biomass, fossil or mineral supply of energy including, without limitation, wood, organic waste, oil, coal or uranium.

(2) "Alternate-energy generating plant" means real and personal property that is built at an existing or new site after July 1, 1980, including any equipment, structure or facility, used for or directly related to the generation or production of electricity from renewable energy sources with a nameplate capacity of not more than 25 million watts.

(3) "Farmland" means real estate, exclusive of any housesite, which is actively and exclusively devoted to farming and is operated or leased as a farm enterprise by the owner.

(4) "Forest land" means any land, exclusive of any housesite, which is under active forest management for the purpose of growing and harvesting repeated forest crops.

(5) "Housesite" means the two acres of land surrounding any house, mobile home, or dwelling.

(6) "Open space land" means any land, exclusive of any housesite, that does not fall under the definition of "farmland" and "forest land," is not used for commercial or industrial purposes, and does not have structures thereon.