

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 that is primarily consumed on the property on which the solar energy system resides, or for heating or cooling gases, solids, liquids, or other materials for the primary benefit of the property on which the solar energy system resides;

(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 (i) the actual age in years of the commercial solar energy system on the assessment date divided by 25 years, multiplied by (ii) its trended real property cost basis. The physical depreciation, however, may not reduce the value of the commercial solar energy system to less than 30% of its trended real property cost basis.

"Commercial solar energy system" means any device or assembly of devices that (i) is ground installed and (ii) uses solar energy from the sun for generating electricity for the primary purpose of wholesale or retail sale and not primarily for consumption on the property on which the device or devices reside.

"Commercial solar energy system real property cost basis" means the owner of a commercial solar energy system's interest in the land within the project boundaries and real property improvements and shall be calculated at \$218,000 per megawatt of nameplate capacity. For the purposes of this Section, "nameplate capacity" has the same definition as found in Section 1-10 of the Illinois Power Agency Act.

"Ground installed" means the installation of a commercial solar energy system, with the primary purpose of solar energy generation for wholesale or retail sale, on a parcel or tract

of land.

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

"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.

(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. Functional obsolescence and external obsolescence of the solar energy device may further reduce the fair cash value of the commercial solar energy system improvements, to the extent they are proved by the taxpayer by clear and convincing evidence.

(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 installed commercial solar energy systems; parcel identification numbers for property improved with a ground installed commercial solar energy system. Notwithstanding any other provision of law, the owner of the ground installed commercial solar energy system shall commission a metes and bounds survey description of the land upon which the commercial solar energy system is installed, including access routes, over which the owner of the commercial solar energy system has exclusive control. The owner of the ground installed 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 installed commercial solar energy system shall deliver a copy of the survey to the chief county assessment officer and to the owner of the land upon which the ground installed commercial solar energy system is constructed. Upon receiving a copy of the survey and an agreed acknowledgement to the separate parcel identification number by the owner of the land upon which the ground installed commercial solar energy system is constructed, the chief county assessment officer shall issue a

separate parcel identification for the real property improvements, including the land containing the ground installed commercial solar energy system, to be used only for the purposes of property assessment for taxation. The property records shall contain the legal description of the commercial solar energy system parcel and describe any leasehold interest or other interest of the owner of the commercial solar energy system in the property. 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. Real estate taxes. Notwithstanding the provisions of Section 9-175 of this Code, the owner of the commercial solar energy system shall be liable for the real estate taxes for the land and real property improvements of a ground installed commercial solar energy system. Notwithstanding the forgoing, the owner of the land upon which a commercial solar energy system is installed may pay any unpaid tax of the commercial solar energy system parcel prior to the initiation of any tax sale proceedings.

(35 ILCS 200/10-750 new)

Sec. 10-750. Property assessed as farmland. Notwithstanding any other provision of law, 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.

(35 ILCS 200/10-755 new)

Sec. 10-755. Abatements. Any taxing district, upon a majority vote of its governing authority, may, after the determination of the assessed valuation as set forth in this Code, order the clerk of the appropriate municipality or county to abate any portion of real property taxes otherwise levied or extended by the taxing district on a commercial solar energy system.

(35 ILCS 200/10-760 new)

Sec. 10-760. Applicability. The provisions of this Division apply for assessment years 2018 through 2033.

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