



Illinois Department of Revenue

101 W. Jefferson St.
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Wind Energy Device Valuation

Beginning with assessment year 2007 (taxes paid in 2008), the fair cash value for a wind energy device in Illinois is based on its nameplate capacity per megawatt. (35 ILCS 200/10-600 *et seq.*)

What is a "wind energy device"?

"Wind energy device" is defined as any device with a nameplate capacity of at least 0.5 megawatts that is used in the process of converting kinetic energy from the wind to generate electric power for commercial sale. For purposes of this document, "wind energy device" is synonymous with "wind turbine".

How is the fair cash value for property taxes determined?

Beginning January 1, 2007, the fair cash value of a wind energy device is \$360,000 per megawatt of nameplate capacity. Beginning January 1, 2008, the chief county assessment officer (CCAO) will add an inflationary increase, called a "trending factor" to the 2007 value; the result is called the "trended real property cost basis." An amount for depreciation is then subtracted from the trended real property cost basis to determine the taxable value for the current assessment year.

Formula:

$(\$360,000 \times \text{trending factor}) - \text{Depreciation}$

Is personal property included in the \$360,000 fair cash value?

No. Illinois does not impose personal property tax; as a result, any value attributable to the portion of the wind energy device that is considered "personal property" was excluded from the prescribed base fair cash value of \$360,000. The fair cash value **does** include the land on which the turbine is located and the portion of the turbine that is considered "real property". Because Illinois assesses property for tax purposes at one-third of its fair cash value, the assessed value for each wind energy device is \$119,988 per megawatt ($\$360,000 \times .3333$).

What is the trending factor and how is it determined?

The trending factor is an annual inflationary percentage increase in the fair cash value of the wind energy device. For purposes of valuing wind energy devices, the trending factor is the annual increase in the consumer price index (U.S. city average for all items), published by the Bureau of Labor Statistics for the December prior to the January 1 assessment date, divided by the consumer price index (U.S. city average for all items), published by the Bureau of Labor Statistics for December 2006. This index is commonly called the "CPI-U". These data are found on the Bureau of Labor Statistics web site at this address: <http://www.bls.gov/cpi/>. The Illinois Department of Revenue publishes the CPI-U on its web site annually.

Note: The trending factor for assessment year 2022 is 1.38. The statutory definition of trending factor requires the CPI-U for December of the year immediately before the assessment date be divided by the CPI-U for 2006. The December 2021 CPI-U was 278.802 and the December 2006 CPI-U was 201.8. So, the 2022 trending factor is $278.802 / 201.8 = 1.38$.

How is the amount allowed for physical depreciation calculated?

The actual age of the wind energy device is divided by 25 then multiplied by the trended real property cost basis. The amount allowed for physical depreciation cannot reduce the wind energy device to less than 30 percent of the trended real property cost basis.

Are buildings and substations included in the value?

No. These real properties are valued separately. The valuation procedure is for wind energy devices and the parcels on which they are located. The parcel is the area immediately surrounding the wind energy device over which the owner has exclusive control.

If a project is completed in 2021, is a trending factor applied?

Yes. The \$360,000 per-megawatt value is for the 2007 assessment year. For example, for assessment year 2022, the 2007 real property cost basis of \$360,000 is multiplied by the trending factor which is the CPI-U published for December 2021 divided by the CPI-U published December 2006.

Are wind energy devices subject to state or local equalization factors (i.e., "multipliers")?

No.

What are the specific platting requirements?

Wind energy device owners must pay an Illinois registered land surveyor to prepare a plat that includes the metes and bounds description, including any access route, of the area immediately surrounding the wind energy device over which the owner has exclusive control. This platting requirement is not an official subdivision of the land under the Plat Act (765 ILCS 5/1 *et seq.*). Wind energy device owners must record the plat and deliver a copy to the CCAO within 60 days of completing construction of the device. The CCAO will then issue a separate parcel number for the property on which the wind energy device is located. The separate parcel number is issued so that the tax bill can be sent to the wind energy device owner when the device is situated on leased ground.

Example 2022 fair cash value:		
2-year old wind turbine		
2MW nameplate capacity		
2007 real property cost basis:	\$ 720,000	(\$360,000 per megawatt)
2022 Asmt Yr trending factor:	X <u>1.38</u>	
Trended real property cost basis	\$ 993,600	
Depreciation allowance:		
Actual age: 2 years/25 =	X <u>.08</u>	
Depreciation	79,488	
2022 fair cash value	\$ 914,112	
(trended real property cost basis minus depreciation)		
Assessment level:	X <u>.3333</u>	
2022 assessed value	\$304,674	