

How is Wind Energy Taxed in Illinois?

Tax revenue from installed **wind** projects in Illinois comes from **property taxes**. Wind projects **increase the tax base** of a county, creating **new revenue streams** for education and other local government services.

Property taxes

Wind energy devices, commonly known as wind turbines, are assessed at the fair cash value of \$360,000 per MW of capacity, and subject to annual adjustment for inflation and depreciation.

The inflation adjustment is also known as the **Trending Factor**, which increases annually.

Depreciation is allowed at 4% per year up to a maximum total depreciation of 70% of the **trended real property cost basis**.

Taxable revenue from wind projects is very **steady predictable income** as the projects cannot move away like manufacturers or retailers can.



Wind energy device= a wind turbine used in the process of converting kinetic energy from the wind to generate electric power

Trending Factor= a multiplier set by the Bureau of Labor

Trended real cost basis is calculated by taking the fair cash value of the turbine and multiplying by the Trending Factor



How is Solar Energy Taxed in Illinois?

Tax revenue from installed **solar** projects in Illinois comes from **property taxes**. Solar projects **increase the tax base** of a county, creating **new revenue streams** for education and other local government services.

Property taxes

Solar energy devices, commonly known as solar farms, are assessed at the fair cash value of \$218,000 per MW of capacity, and subject to annual adjustment for inflation and depreciation.

The inflation adjustment is also known as the **Trending Factor**, which increases annually.

Depreciation is allowed at 4% per year up to a maximum total depreciation of 70% of the **trended real property cost basis**.

Taxable revenue from solar projects is very **steady predictable income** as the projects cannot move away like manufacturers or retailers can.

Sources:

1. Illinois Department of Revenue. "Commercial Solar Energy Systems Valuation". January 2023. <https://tax.illinois.gov/content/dam/soi/en/web/tax/localgovernments/property/documents/commercialsolarenergysystemsvaluation.pdf>
2. David Loomis, Bryan Loomis, and Chris Thankan, Strategic Economic Research, LLC. "Barriers to CEJA Implementation and Restrictive Ordinances Analysis". January 2023. Illinois Permitting Study 1.2.23 1.pdf



Solar energy system= solar panels used to collect energy from the sun to generate electric power

Trending Factor= a multiplier set by the Bureau of Labor

Trended real cost basis is calculated by taking the fair cash value of the turbine and multiplying by the Trending Factor

