

## 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**.

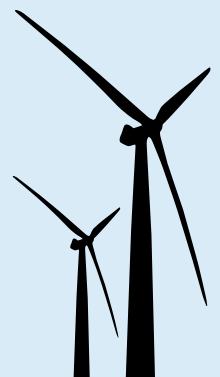
Taxable revenue from wind projects is very **steady predictable income** as the projects cannot move away like manufacturers or retailers can.



**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

