

New SolTax Tool Helps Virginia Localities Maximize Revenues from Solar Development

CHARLOTTESVILLE -- For Immediate Release: February 8, 2021 -- Virginia localities have a new tool in their toolbox to help evaluate and maximize the economic potential of solar development in their communities: The Virginia SolTax Model.

Developed by the Energy Transition Initiative at the Weldon Cooper Center for Public Service at the University of Virginia, in partnership with Virginia's Department of Mines, Minerals and Energy (DMME), SolTax is a web-based, computational tool that enables Virginia users to run customized, hypothetical scenarios in order to better understand the financial implications of adopting one solar tax model over another.

Larry Terry, the Cooper Center's executive director, said, "Our work at the Cooper Center is intentionally driven to meet the needs of communities across the commonwealth, while also ensuring we are fulfilling the mission of the University of Virginia. The Virginia SolTax Model addresses both of these priorities in that this innovative tool was developed in part with the help of UVA students and is projected to be a practical resource for localities that are looking for data to drive their decisions around solar development."

The SolTax tool can help localities make more informed decisions and capture the financial benefits of solar projects in their locality. The tool can be found on the Energy Transition Initiative Resources page, or by following this link: <https://solar-tax-webapp.herokuapp.com/>

"Everyone can contribute towards building a clean energy Virginia," said DMME Director John Warren. "Tools like the SolTax Model can show our localities that in addition to a healthier environment, there is revenue to gain by encouraging renewable energy development."

Historically, localities had one tax option for realizing financial benefits of solar projects; the Machinery & Tools (M&T)/real estate rate tax exemption. However, the passage of House Bill 1131/Senate Bill 762 in April 2020 brought another option to the table: the revenue sharing model. Now, Virginia localities may choose between one of these models for realizing revenues from solar projects. Each has benefits and drawbacks depending on the types of solar facilities that are being developed and the various tax rates of the localities where they are being built. Determining which revenue model may be most advantageous involves calculations that are non-trivial in complexity.

"Unpacking the nuances of applicable solar tax legislation and understanding the varied inputs required to evaluate can be daunting. We created SolTax to enable localities to confidently examine how solar development and the right tax approach could benefit their communities from a revenue perspective," said Elizabeth Marshall, senior project coordinator for Energy Transition Initiative (ETI).

ETI and DMME led an in-depth, stakeholder-engaged process to develop SolTax. Robert Crockett, President of Advantus Strategies and representative of the stakeholder the Rural Solar Development Coalition said, "The SolTax resource can be an important tool for rural counties making long-term decisions on land use and solar siting. We are grateful to all of those involved for collaborating with us on its development."

SolTax users can create location-based project profiles and the tool automatically imports relevant local and state tax rate information. The tool calculates the yearly revenue that a locality may realize under each tax regime, as well as summarize possible revenues over the lifetime of a specific projects. The tool also addresses possible impacts to the Composite Index Value, a calculation that determines a locality's required contribution to education funding.

Arthur Small, principal scientist at the Center for Economic and Policy Studies in the Cooper Center, noted, "The SolTax tool is a great example of how a little technical talent, deployed appropriately, can help to solve concrete problems facing local governments in Virginia."

ETI and DMME will be hosting an educational webinar on the Virginia SolTax Model for local government staff and officials on Wednesday, February 17, 2021 from 8:30-10:00am EST. The event is free, but registration is required. To register, click [HERE](#) and then follow the link to register. For more information, please contact Elizabeth Marshall at emm2t@virginia.edu.

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About the Weldon Cooper Center for Public Service

The Weldon Cooper Center for Public Service serves communities across the Commonwealth of Virginia and beyond by combining decades of knowledge about government, communities, and the people of Virginia with contemporary and advanced research, analytical expertise, and focused training for high performance.

About the Virginia Department of Mines, Minerals and Energy

The Virginia Department of Mines, Minerals and Energy (DMME) was created to enhance the development and conservation of energy and mineral resources in a safe and environmentally sound manner to support a more productive economy. DMME's Energy Team focuses on deploying renewable energy and improving energy efficiency across the Commonwealth.