



Illinois Department of Revenue

101 W. Jefferson St.
Springfield, IL 62702

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 in the December before 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 2007 is 1.00. 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 2006 CPI-U was 201.8. The 2007 assessment year uses the December 2006 CPI-U; $201.8/201.8 = 1.00$.

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 2008, is a trending factor applied?

Yes. The \$360,000 per-megawatt value is for the 2007 assessment year. For example, for assessment year 2009, the 2007 real property cost basis of \$360,000 is multiplied by the trending factor which is the CPI-U published in December 2008 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 2008 fair cash value:

2-year old wind turbine
2MW nameplate capacity

2007 real property cost basis: \$ 720,000 (\$360,000 per megawatt)
hypothetical trending factor 2.4%: + 17,280

trended real property cost basis: \$737,280

Depreciation allowance:

Actual age: 2 years/25 = X .08

Depreciation 58,982

2008 fair cash value \$679,680

(trended real property cost basis minus depreciation)

West's Smith-Hurd Illinois Compiled Statutes Annotated
Chapter 35. Revenue (Refs & Annos)
Property Taxes
Act 200. Property Tax Code (Refs & Annos)
Title 3. Valuation and Assessment
Article 10. Valuation Procedures for Special Properties (Refs & Annos)
Division 18. Wind Energy Property Assessment (Refs & Annos)

35 ILCS 200/10-600

200/10-600. Definitions

Effective: October 12, 2007

[Currentness](#)

§ 10-600. Definitions. For the purposes of this Division 18:

“Wind energy device” means 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.

“2007 real property cost basis” excludes personal property but represents both the land and real property improvements of a wind energy device and means \$360,000 per megawatt of nameplate capacity.

“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 2006.

“Trended real property cost basis” means the 2007 real property cost basis multiplied by the trending factor.

“Allowance for physical depreciation” means (i) the actual age in years of the wind energy device on the assessment date divided by 25 years multiplied by (ii) the trended real property cost basis. The physical depreciation, however, may not reduce the value of the wind energy device to less than 30% of the trended real property cost basis.

Credits

[P.A. 88-455](#), Art. 10, § 10-600, added by [P.A. 95-644](#), § 10, eff. Oct. 12, 2007.

35 I.L.C.S. 200/10-600, IL ST CH 35 § 200/10-600

Current through [P.A. 98-882](#), with the exception of [P.A. 98-871](#), [P.A. 98-873](#) and [P.A. 98-878](#), of the 2014 Reg. Sess.

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Article 10. Valuation Procedures for Special Properties (Refs & Annos)
Division 18. Wind Energy Property Assessment (Refs & Annos)

35 ILCS 200/10-605

200/10-605. Valuation of wind energy devices

Effective: October 12, 2007

[Currentness](#)

§ 10-605. Valuation of wind energy devices. Beginning in assessment year 2007, the fair cash value of wind energy devices shall be determined by subtracting the allowance for physical depreciation from the trended real property cost basis. Functional obsolescence and external obsolescence may further reduce the fair cash value of the wind energy device, to the extent they are proved by the taxpayer by clear and convincing evidence.

Credits

[P.A. 88-455](#), Art. 10, § 10-605, added by [P.A. 95-644](#), § 10, eff. Oct. 12, 2007.

35 I.L.C.S. 200/10-605, IL ST CH 35 § 200/10-605

Current through P.A. 98-882, with the exception of P.A. 98-871, P.A. 98-873 and P.A. 98-878, of the 2014 Reg. Sess.

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Division 18. Wind Energy Property Assessment (Refs & Annos)

35 ILCS 200/10-610

200/10-610. Applicability

Effective: January 1, 2011

[Currentness](#)

§ 10-610. Applicability.

(a) The provisions of this Division apply for assessment years 2007 through 2016.

(b) The provisions of this Division do not apply to wind energy devices that are owned by any person or entity that is otherwise exempt from taxation under the Property Tax Code.

Credits

[P.A. 88-455](#), Art. 10, § 10-610, added by [P.A. 95-644](#), § 10, eff. Oct. 12, 2007. Amended by [P.A. 96-1036](#), § 5, eff. Jan. 1, 2011.

35 I.L.C.S. 200/10-610, IL ST CH 35 § 200/10-610

Current through P.A. 98-882, with the exception of P.A. 98-871, P.A. 98-873 and P.A. 98-878, of the 2014 Reg. Sess.

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Division 18. Wind Energy Property Assessment (Refs & Annos)

35 ILCS 200/10-615

200/10-615. Wind energy assessable property is not subject to equalization

Effective: October 12, 2007

[Currentness](#)

§ 10-615. Wind energy assessable property is not subject to equalization. Wind energy assessable property is not subject to equalization factors applied by the Department or any board of review, assessor, or chief county assessment officer.

Credits

[P.A. 88-455](#), Art. 10, § 10-615, added by [P.A. 95-644](#), § 10, eff. Oct. 12, 2007.

35 I.L.C.S. 200/10-615, IL ST CH 35 § 200/10-615

Current through [P.A. 98-882](#), with the exception of [P.A. 98-871](#), [P.A. 98-873](#) and [P.A. 98-878](#), of the 2014 Reg. Sess.