MEMORANDUM

To: Wind and Solar Task Force/Environment, Energy and Land Use Committees
From: ISACo Staff
Date: May 20, 2025
Subject: Analysis of Draft Energy Omnibus Bill - Impacts on County Government

Overview

On May 20, a legislative draft for an energy omnibus bill was shared with ISACo staff. The draft language has not yet been assigned to a bill for introduction.

Upon review, the draft proposes sweeping changes to Illinois energy and taxation policy with implications for local governments, particularly counties. A cornerstone of the proposal is the creation of the Thermal Energy Network Revolving Loan Program, administered by the Illinois Finance Authority (IFA) in coordination with the Illinois Commerce Commission (ICC). This initiative seeks to accelerate investment in shared geothermal heating and cooling infrastructure to reduce carbon emissions, especially in residential and commercial buildings. The program reflects a broader state commitment to decarbonization through access to capital and incentives for clean energy infrastructure.

In addition to establishing new financial tools for clean energy development, the bill includes substantial revisions to the Illinois Power Agency Act and other statutes to redefine renewable energy credits, eligible energy systems, and procurement practices. Among the notable features are increased support for community and low-income solar projects, expansions of job training initiatives, and inclusion of emerging technologies such as energy storage and waste heat recovery systems. These provisions aim to ensure that energy transition efforts are equitably distributed and that underserved populations benefit from the economic and environmental advantages of renewable energy.

For county governments, the bill has potential implications for land use, local energy planning, and taxation. Specific attention should be given to provisions that affect assessment methods for commercial energy storage systems and the designation of eligible communities for equity-focused programming. This memo will focus on the provisions pertinent to counties and detail potential impacts.

Solar Bill of Rights

The proposed "Solar Bill of Rights," as outlined in new Article 5, Division 5-46 of the Illinois Counties Code (55 ILCS 5/Div. 5-46), imposes significant new limitations on county authority over solar energy systems. The legislation aims to prohibit counties from restricting the

installation or use of solar energy systems, including certain small-scale solar-powered devices, on private property.

Preemption of County Authority

- Counties may not adopt ordinances or exercise any power that prohibits or effectively prohibits the installation of solar energy systems or low-voltage solar-powered devices. This represents a direct limitation on local zoning and land use authority.

Home Rule Restriction

- Home rule counties are barred from regulating solar installations in a more restrictive manner than the state. This section is explicitly stated to be a limitation on home rule powers under Article VII, Section 6(i) of the Illinois Constitution.

Litigation and Attorney's Fees

Counties could be liable for costs and attorney's fees in any litigation under this Division if they are not the prevailing party.

- Counties face potential financial exposure if their actions are found to violate the Solar Bill of Rights.

Applicability to Shared Roofs and Tall Buildings

The bill exempts certain buildings, including:

- Structures over 60 feet in height;
- Properties subject to homeowners' or condominium associations *unless* all parties agree to the installation.

However, the bill does apply in cases where:

- The solar system is within the portion of the roof owned by the installer;
- All roof-sharing owners consent;
- The installation concerns low voltage devices.
- County inspectors and code officials may need to determine ownership boundaries and compliance with these conditions.

<u>Key Definitions</u>

The legislation defines broad categories of covered systems and devices, including:

- "Low voltage solar powered devices" – which can include doorbells, lighting, and security systems.
- "Solar energy system" and "solar collector" – defined expansively to include passive and active elements for electricity generation and thermal energy.

Implications for County Governments

Counties cannot deny or obstruct solar installations through land use or permitting rules. Home rule units are specifically preempted. Counties that enact or enforce contrary policies could face lawsuits and cost liabilities. County departments may be called upon to verify compliance with the statutory carve-outs and shared roof provisions. Counties should prepare guidance materials for property owners and developers to ensure understanding of new legal rights and limits.

Commercial Energy Storage System Assessment Provisions

These new provisions in the Illinois Property Tax Code introduce a standardized framework for the assessment, taxation, and parcel management of *commercial energy storage systems* in counties with fewer than 3,000,000 inhabitants. The provisions will directly impact county assessors, property tax administration, and county government finances.

Assessment Methodology for Energy Storage Systems

- Sets a specific method for calculating the fair cash value of commercial energy storage improvements:
- Based on trended real property cost basis, minus physical depreciation.
- Functional and external obsolescence may also reduce value (up to 70% total depreciation, with burden of proof on the taxpayer).
- County assessment officers may adjust for equipment upgrades/replacements.
- Adds complexity to assessment responsibilities by introducing a distinct valuation model.
- Requires training and technical guidance for county assessors to apply these depreciation and obsolescence standards consistently.
- May result in lower assessed values, affecting county revenue unless offset by new development or growth.

Exemption from Equalization Adjustments

- Excludes commercial energy storage systems from equalization factors applied by the Illinois Department of Revenue (IDOR) or local assessment entities.
- Prevents the county from adjusting values upward or downward for uniformity across taxing jurisdictions.
- Limits local flexibility in ensuring equalized assessments across property types.
- May create *assessment disparities* between energy storage and other property types.

Parceling and Survey Requirements

The proposed legislation requires:

- A metes and bounds survey of the land exclusively used by the energy storage system.
- Separate parcel identification numbers (PINs) for energy storage improvements.

- The county assessment officer must issue a separate PIN once survey and landowner acknowledgment are submitted.
- If no survey is provided, the assessor's determination of the system area is final and unappealable.

County Impact:

• Requires administrative capacity to manage separate PINs and property tax accounts for improvements on leased land.

• Clarifies ownership and tax liability between landowners and system operators, aiding enforcement.

• Codifies final authority of the assessor in absence of survey, simplifying dispute resolution.

Tax Liability and Payment Authority

- Establishes that the owner of the energy storage system, not the landowner, is responsible for real estate taxes on the system parcel.
- Allows landowners to pay unpaid taxes before a tax sale if desired.
- Clarifies tax liability, which simplifies collection and enforcement.
- Adds flexibility by allowing landowners to intervene in payment, potentially reducing tax delinquencies.
- County treasurers and collectors will need to track and administer payments based on both system and land ownership.

Implications for County Government

These provisions significantly alter how counties assess, parcel, and tax commercial energy storage systems. While they provide structure and clarity, counties will require new protocols, assessor training, and possibly technological upgrades to fully implement these requirements effectively. They also carry potential revenue and equity implications that should be monitored closely as deployment of energy storage grows statewide.

Return to Farmland Assessment After Energy Storage Use

- This section creates an exception to the typical two-year farm-use requirement found in Section 10-110.
- Land previously assessed as farmland can regain farmland assessment status the year after removal of a commercial energy storage system, even if the land was not farmed during the prior two years, as long as it is returned to a qualifying "farm use" per Section 1-60.

Implications for County Government

These provisions ease the administrative burden for landowners seeking to return to farmland classification post-energy development. They may reduce the assessed value of certain parcels returning from energy storage to agricultural use, resulting in reduced property tax revenue to counties and other taxing bodies and increased complexity in property classification and timing for county assessors.

The proposed bill requires county assessors to monitor and verify completion of system removal and compliance with the definition of "farm use" (which includes production of agricultural products or raising livestock, among other activities).

Local Authority to Abate Property Taxes on Energy Storage Systems

- Empowers any taxing district (including counties) to abate all or part of property taxes levied on commercial energy storage systems, following a majority vote by the governing board.
- The abatement is discretionary and may be used as an incentive or economic development tool.

Implications for County Government

Grants local flexibility to support or attract energy storage infrastructure. May contribute to policy differentiation among counties—some may choose to offer abatements as incentives, others may not.

The proposals could lead to reduced revenue in the short term for participating counties and enhanced long-term economic development if abatements stimulate investment.

The proposals could require coordination between county boards, county clerks (to administer the abatement), and county assessors (to apply valuation post-abatement).