**Solar Farm Assessment Recommended Guidelines**

All commercial solar farms would be classified as public service companies (PSC), titled as an Electric Power Company, subject to central taxation by the DOR as directed by KRS 136.120.

Solar farms should only start filing the form 61A200 after the farm goes online and begins selling electricity to customers. Prior to being operational, the land would be picked up by the PVA as real estate and any construction work in progress on the solar farm would be filed on the tangible personal property return, form 62A500.

The main criteria used to differentiate a public service company from all other types of solar operating systems:

- The PSC owner has a business profit motivation.
- The primary intent of the PSC owner is to sell the majority of electric power directly to other electric companies (KU, LGE, TVA, KY Power, RECC's, etc.) via the grid.
- The primary intent of the PSC owner is to sell the majority of electric power directly to consumers (industrial plants, commercial businesses, homeowners, etc.) via the grid.
- The PSC owner's intent is not to use the electricity for their personal home use, farming use, and/or private business use.
- The PSC owner's intent is not to gain energy credits on their personal and/or business electric bill.

April 2020

**For public service companies, the solar electric equipment would be classified as follows:**

**Manufacturing machinery, 15¢ per $100 state rate only**

- Solar Panel
- Inverters & Converters, Transformers,Trackers, Batteries
- Mounting racks, stands, frames & hardware
- DC meters, junction/combiner boxes, solar strings, breakers, control switches, regulators
- DC Above Ground & Underground Cables & Connectors

**Tangible personal, 45¢ per $100 state rate & full local rates**

- Above ground transmission power lines/wires/poles and related equipment
- AC switchgears, Meters, Breakers, Control Switches, Regulators
- AC Above Ground & Underground Cables & Connectors
- Security Systems,Communication Equipment
- Computer systems, monitor & control systems and SCADA systems

**Real property, state rate (variable calculated each year) & full local rates**

- Land used for the Solar Panels
- Right-of-ways, Conduits, Buildings, Shelters, Huts, Fencing

Solar farms will need to file a form 61A200 with the Department of Revenue every year. The deadline is April 30 of each year. **Extensions may be granted for 30 days if the extension is requested in writing before April 30 and includes a report detailing any increases or decreases in property of $50,000 or more in any taxing jurisdiction (KRS 136.130).** Incomplete extension requests will be denied and a penalty may apply. No extension will be granted beyond May 30.

In addition to form 61A200, electric power companies are also required to file Schedules A, B, C, D, D1, I, J, K, K2, L, N1 – N3, R, S, U, CI, Z. These can all be found with the form 61A200 on the Department of Revenue website, https://revenue.ky.gov.

If a property owner has solar panels on a residence or business, the panels may or may not add a significant contributory value to the property. The PVA should estimate the cost information or obtain the cost information from the property owner, and determine a value to be added to the assessment.

**Any questions regarding solar farms should be directed to Robert Carbin with the Public Service Branch, 502-564-7148.**

**Kentucky Department of Revenue**
**Office of Property Valuation**
**Division of State Valuation**
**502-564-8175**