Taxing the wind plant

BY ANNE ADAMS • STAFF WRITER

MONTEREY— County administrator Roberta Lambert provided officials some estimates Tuesday on potential tax revenue from the proposed 39-megawatt wind facility on Allegheny Mountain. County officials say these estimates are very preliminary. The SCC has yet to place a value on Highland New Wind Development's proposed project. Furthermore, lawmakers in the General Assembly could at any point in the future subsidize wind energy development in Virginia with tax breaks and incentives which would reduce or eliminate any local revenue, as has happened in most other states.

The taxable value as determined by the SCC would be calculated as follows:

[Capitalized cost of the facility] *times* [Condition factor (a depreciation surrogate)] *times* [Local assessment/sales ratio]
= [Taxable value] *times* [Local real estate tax rate]
= [Local real estate tax]

The facility is valued at $30 million in capitalized cost; $30 million, times the 90 percent condition factor, times the current local assessment of 68.7 percent, equals a taxable value of $18,549,000. Multiply that total by .0067 (the current Highland property tax rate), and the total local real estate tax generated would be $124,278. The same calculation on a $40 million project would result in local taxes of $165,704. A $60 million project would generate $248,556.

However, Highland County is reaching its lowest local assessment/sales ratio, which always happens this close to a reassessment. The next reassessment of county property will be conducted in 2005, after which, the sales ratio will rise again. Lambert used an average ratio of 90 percent to come up with a second set of estimates as follows: Revenue of $162,810 annually on a $30 million project with a taxable value of $24,300,000, up to $325,620 on a $60 million project with a taxable value of more than $48 million.