

Property Tax - Opinion - Wind Towers 441.21(8)b and c

January 16, 2009

John Lawson
Clay County Assessor
Clay County Administration Building
300 West 4th St
PO Box 452
Spencer IA 51301-0452

Dear John,

In response to your inquiry regarding small wind towers and Iowa Code section 441.21(8)"b" and "c", we discussed the issues amongst revenue and attorney general staff and made the following conclusion. If a wind tower or turbine (solar energy system) is primarily used to provide energy to a home or building site where the wind tower or turbine is located that tower will not contribute to an increase in value to the property where the system is located for five years. This, in effect, means that the system is not subject to valuation during this time period. This would be true even if any excess energy is sold, credited, or otherwise transferred to the grid as long as the primary purpose of the system is to store or use the energy generated at the point of use. We consider the point of use to be at the site where the system is located.

We have previously interpreted this section to exclude solar systems that sell or transfer any excess energy to the grid. However, we feel that interpretation did not accurately reflect the intent of section 441.21(8) which is to encourage the development of these individual solar systems. If the wind turbine is primarily used to provide energy to the grid, it would not be eligible for the five year exemption, but would have to fall under the provisions of section 427B.26 to receive any tax benefits.

It should also be noted that whether the tower is classified as residential, ag, commercial or industrial will depend on the classification of the property that the system is primarily serving.

Please call or e-mail if you have further questions.

Sincerely,

Dale Hyman, Administrator
Property Tax Division
(515) 281-3362