

Taxation of Solar Plants and Energy Storage Facilities

This fact sheet explains the [Uniform Capacity Tax](#) (UCT) and local taxation imposed on the owners of some solar plants and stationary grid-connected energy storage facilities. If you have questions, please email us at tax.business@vermont.gov or call 802-828-2551. We're here to help!

Solar Plants Subject to the Uniform Capacity Tax

You are required to file Form SCT-603 and pay the tax to the Vermont Department of Taxes if all of the following apply to you:

1. You own an operating solar plant;
2. The plant has a capacity of 50 kW or more; and
3. The plant was in operation as of December 31.

As of April 1, 2025, Form SCT-603 must be filed online using [myVTax](#).

Tax Due

The UCT is imposed at a rate of \$4.00 per kW of plant capacity. Plant capacity is the total AC nameplate capacity of all inverters used to convert the plant's output to AC power. The Department uses the rated nameplate capacity stated on the plant's Certificate of Public Good (CPG) to determine plant capacity unless the taxpayer can demonstrate that another method is more accurate. Owners— as named on the CPG— must pay the tax for the prior calendar year to the Department no later than April 15 each year.

When Multiple Facilities are Connected

A group of solar-generating facilities is considered one "plant" under Public Utility Commission (PUC) Rule 5.100. One form SCT-603, Uniform Capacity Tax, must be filed if a group of solar-generating facilities uses common equipment and infrastructure such as roads, control facilities, and connections to the electric grid, and the facilities are not found by the PUC to be separate plants. Calculate and pay the UCT based on the total capacity of the connected facilities.

Energy Storage Facilities Subject to the UTC

Owners of a stationary grid-connected energy storage facility are required to file Form SCT-603, Uniform Capacity Tax and pay the tax to the Department of Taxes if the facility has a plant energy rating of 600 kWh or larger and it is not connected to a renewable energy plant.

The information provided here is intended to be an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings or court decisions supersede information presented here.
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An energy storage facility is defined as “a stationary device or system that captures energy produced at one time, stores that energy for a period of time, and delivers or may deliver that energy as electricity to the grid for use at a future time.” Energy storage facilities are typically used to store energy from the grid in batteries for future use by the grid.

Energy storage facilities that are connected to a solar energy generating plant, and are included on the plant’s CPG, pay the tax as part of the plant. Form SCT-603 should be filed to the plant as a whole; there is no need to file a separate return for an energy storage facility that is part of the plant.

Tax Due for Energy Storage Facilities

The Uniform Capacity Tax is imposed at the rate of \$0.50 per kWh of plant energy rating. The Department uses the plant energy rating stated on the facility’s CPG to determine the rating unless the taxpayer can demonstrate that another method is more accurate.

Implications for Property Tax

Solar plants subject to the UCT are exempt from the statewide education property tax. A municipality may vote to exempt or stabilize a solar plant for municipal property tax purposes. Municipalities that impose municipal property taxes on solar plants are required to follow a property valuation methodology specified in law (explained below).

In addition to the UCT applied to a solar plant or energy storage facility, the underlying land is subject to property tax, but with some differences unique to this type of property. The presence of a solar plant or energy storage facility on exempt land does not alter the exempt status of the underlying parcel. For example, the underlying land is exempt from property taxation when a plant subject to UCT is located on a parcel that qualifies for the property tax exemption for public, pious, and charitable uses.

When the underlying land is not exempt, it is valued based on the land value without regard for the plant or facility. The standard “highest and best use” approach to appraisal should not be used for land underlying facilities subject to UCT. The municipality is instead required to value the land as if it were vacant. Municipalities should use the appropriate value according to the land schedule for the municipality without any further adjustments.

Owners of solar plants with a plant capacity of less than 50 kW are not required to pay the UCT. Further, an owner is not required to pay education or municipal property tax on a solar plant that has a capacity that is less than 50 kW and is either (a) operated on a net-metered system or (b) not connected to the electric grid and only provides power on the property on which it is located.

Owners of an energy storage facility with a plant rating of less than 600 kWh are not required to pay the UCT, education tax, or municipal tax for the facility. The underlying land is nevertheless subject to property taxation.

Valuation of Solar Facilities and Energy Storage Facilities

Municipal property tax is imposed on a solar plant unless one of the following applies:

1. The solar plant has a plant capacity less than 50 kW and is either (a) operated on a net-metered system or (b) not connected to the electric grid and only provides power on the property on which it is located; or
2. The municipality has voted to exempt the plant, or
3. The municipality has entered into a contract to stabilize the property's taxes.

All other solar plants must be valued for municipal property tax purposes. Solar plants with a plant capacity of less than 50 kW, and that do not qualify for any of the three exemptions described above, will also be valued for education property tax purposes. Vermont law requires a solar plant to be valued using the discounted cash flow method and designated by the Department's Division of Property Valuation and Review (PVR). Assessing officials should contact their district advisors for help with using the valuation model identified by PVR.

The appraisal value that an assessing official should use is 70% of the value calculated by the valuation model based on the expected 25-year project life. The assessment will remain unchanged for either 25 years or the remaining life of the project, whichever comes first. For net-metered systems that are not exempt, an assessing official must reduce the plant capacity by 50 kW before calculating an appraisal value.

Energy storage facilities that are subject to the UCT are subject to municipal taxes through a different valuation process specified in law. The appraisal value to real and personal property must be calculated at \$0.25 per kWh of plant energy rating.

Solar Plants: Uniform Capacity Tax (UCT) and Property Taxes

Solar plants with capacity greater than or equal to 50 kW

The plant is subject to the UCT. Any exempt status of the underlying parcel is determined separately.

The plant is exempt from education tax. The remainder of the parcel is taxable as normal. An exempt parcel will continue to be exempt from property tax. A tax-stabilized parcel will continue to pay property tax pursuant to the written agreement.

Underlying land that is not exempt is valued without regard for the plant or facility. Value the land using the land schedule without considering the highest and best use of the land.

BUT--If the plant is not exempt from municipal tax **and** the plant is net-metered, reduce capacity by 50kW for valuation purposes.

The plant is valued following the valuation method required by law and identified by PVR.

See [32 V.S.A § 3481\(1\)\(D\) Miscellaneous Definitions](#)

Solar plants with capacity less than 50 kW

The plant is not subject to the UCT, but is subject to municipal property taxes, if:

- The plant is not net-metered and is connected to the grid, or
- The plant is not connected to the grid but provides power to more than one property.

In both cases, the rest of the parcel is taxed as normal.

Just like plants with higher kW capacity, the plant with less than 50 kW capacity is valued following the valuation method required by law and identified by PVR. See [32 V.S.A. § 3481\(1\)\(D\) Miscellaneous Definitions](#).

The plant is exempt from both education and municipal taxes, if:

- it is not net-metered or not connected to the power grid, and
- provides power only to the property on which the plant is located.

The parcel underlying the plant is taxed as normal. An exempt parcel will continue to be exempt from property tax. A tax-stabilized parcel will continue to pay property tax pursuant to the written agreement.