

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB 590 H1 **Patron:** Hernandez
Bill Title: Smart Solar Permitting Platform established; residential solar energy systems.

Bill Summary: Creates the Smart Solar Permitting Platform (the Platform) to serve as a tool for (i) contractors to obtain permits for the construction of residential solar energy systems and (ii) localities to process applications for such permits. The bill requires the Department of Energy to establish, launch, and administer an internet-based platform that automates plan review and instantly releases a permit or a permit revision to construct certain residential solar energy systems that comply with any applicable building codes and state laws. The bill requires localities to allow contractors to submit an application to construct a residential solar energy system through the Platform or through an alternative automated solar permitting platform by January 1, 2028. The bill requires any locality that chooses to use an alternative automated solar permitting platform to submit an annual report to the Department no later than March 1 of each year. The bill directs the Department of Energy to establish, launch, and administer the Platform by July 1, 2027.

Budget Amendment Necessary: Yes. See Analysis **Items Impacted:** 109

Explanation: This bill would create expenses for the Department of Energy that cannot be absorbed within existing appropriations.

Fiscal Summary: It is anticipated that this bill will result in an expenditure impact and may result in an indeterminate revenue impact. It is anticipated that the cost to develop and maintain a platform Energy will be at least \$466,000 in the first year and \$336,000 in ongoing years. This estimate is from the Virginia Information Technology Agency (VITA). Energy anticipates expenses of \$275,000 in the first two years and \$75,000 annually thereafter to administer the program.

General Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Energy	-	\$741,000	\$641,000	\$441,000	\$441,000	\$441,000
TOTAL						

Fiscal Analysis: The bill directs Energy to establish a Smart Solar Permitting Platform, which would be an internet-based application that would instantly issue a new or revised permit to construct a residential solar energy system, by July 1, 2027.

Cost estimates to establish and maintain a permitting platform are not available from Energy. However, VITA estimates that the cost of creating a platform as described in the bill would be approximately \$466,000 in the first year, with ongoing annual operating and maintenance costs of \$336,000. VITA's assumptions include two full time developers while building the system and one half-time position for maintenance, 100 locality

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accounts, and 2,200 active monthly users (contractors and other applicants). While the bill allows Energy to “request a third party to provide the platform [...] at no cost or low cost,” VITA is unable to absorb these costs and would need to be reimbursed by Energy for development and maintenance costs if asked to provide the system.

The bill provides that Energy may defray the costs of the system by placing a surcharge on residential solar permitting fees collected by localities. The bill does not establish the amount of the surcharge, a method of establishing an amount that would be sufficient but not excessive to support the platform, or a mechanism for any such revenue collected by a locality to be remitted to Energy.

Energy anticipates that the workload to administer the program will be equivalent to 0.5 full time employees, with an annual cost of \$75,000. Additionally, Energy anticipates the need for \$200,000 in contract support to onboard and coordinate with localities to establish the program in FY 2027 and FY 2028.

This impact statement is preliminary and may be updated if additional information becomes available.

Other: This bill is similar to SB 382.