

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

law, DOLI enforces prevailing wage requirements for public works projects exceeding \$250,000, primarily for state agencies and certain localities that have affirmatively opted in by ordinance. The Division of Labor and Employment Law currently has two prevailing wage analysts processing prevailing wage determinations. According to DOLI, the agency typically processes approximately 1,000 prevailing wage determinations each year, with 1,137 issued in 2025.

DOLI estimates that each of the 136 utility-scale solar farms in Virginia will undertake 100 construction, alteration, or repair projects annually, which would be subject to prevailing wage requirements under this bill. Based on this assumption, the agency anticipates that this bill will result in approximately 13,600 prevailing wage determinations for DOLI's Division of Labor and Employment Law. As of the fourth quarter of 2025, the DEQ Permit-by-Rule Program approved 223 solar projects; however, not all of these projects currently produce electricity as some are in final design or construction phases.

According to the department, the estimated 13,600 determinations may be complex and require additional expertise. DOLI estimates that it will need 25 positions at an ongoing general fund cost of \$2.9 million to implement the provisions of this bill: one Supervisor (\$194,129), 12 Prevailing Wage Analysts (\$125,236 each), two Prevailing Wage Specialists (\$120,743 each), eight Compliance Officers (\$137,907 each), and two Hearing and Legal Service Officers (\$185,365 each). DOLI indicates that the supervisor position is needed to avoid a conflict of interest between legal advisory and operational oversight roles. Also, DOLI indicates that the agency currently receives over 5,000 requests for constituent services and anticipates an additional 12,000 contacts as a result of this bill, given the expansion into a new area of prevailing wage for solar generation facilities. Thus, the two prevailing wage specialists may be needed to manage intake, respond to inquiries, process documentation, and support analysts and compliance staff.

This bill creates compliance areas in wage and apprenticeship compliance that do not currently exist within prevailing wage law. Based on the agency's enforcement activities under its Payment of Wage Program, DOLI estimates that this bill would result in an approximate five percent investigation rate for each compliance area, or 680 wage compliance investigations. Of these, DOLI anticipates four to five percent, or 34, require administrative adjudication through the Virginia Administrative Process Act. DOLI states that a compliance officer can effectively manage between 100 and 150 cases each year and existing division staff are currently able to conduct approximately 10 to 12 informal conference annually. The number of positions the agency could recruit, onboard, and train at one time is unknown.

DOLI also anticipates a one-time cost of \$991,487 to upgrade and modernize software infrastructure to develop a prevailing wage record keeping system, based on costs to create similar systems at the agency, as well as \$45,000 in ongoing contractual costs to maintain the system of record. It is anticipated that this project would span over two fiscal years, with \$330,496 reflected in FY 2027 and \$660,991 in FY 2028. The department estimates \$7,925 in ongoing costs to contract language services to translate documents and for client contacts; it is anticipated that this cost can be absorbed within existing resources.

Under this bill, paragraph B of § 40.1-28.14, Code of Virginia, states that any solar developer that fails to comply with the requirements of this section shall make a payment to the Commissioner of \$5,000 for each

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

employee who was paid wages at a rate less than the prevailing wage rate, and \$10,000 for each employee if the Commissioner determines that failure to comply was due to intentional disregard of the provisions of this section. Paragraph E of § 40.1-28.15, Code of Virginia, states that a solar developer that fails to comply with the requirements of this section shall make a payment to the Commissioner of \$50 for each labor hour in which the apprenticeship requirements were not met, and \$500 for each labor hour if the Commissioner determines that failure to comply was due to intentional disregard of the provisions of this section. Civil penalties owed under both of these sections would be paid to the Commissioner for deposit in the general fund, resulting in an indeterminate general fund revenue impact.

Department of Taxation

Under this bill, § 58.1-3661.1, Code of Virginia, declares certified solar generation facilities to be a separate class of property for local taxation, and such facilities would be exempt from local property taxation. Such facilities shall be wholly exempt from state and local taxation pursuant to Article X, Section 6 (d) of the Constitution of Virginia. This bill would also require the local assessing officer, upon receiving DEQ certification, to determine the value of the qualifying solar equipment and calculate the exemption by applying the locality's tax rate to that value and subtracting the resulting amount from either the real property tax or, if applicable, the machinery and tools tax at the taxpayer's election. The exemption will become effective in the next tax year after DEQ issues its certification. Under current law, certified solar energy equipment, facilities, or devices and certified recycling equipment and facilities are declared to be a separate class of property for local taxation. The governing body of any county, city or town may, by ordinance, exempt or partially exempt such property from local taxation. The fiscal impact on localities is indeterminate. Information on fiscal impact information related to state tax revenue is pending. The Department of Taxation does not anticipate a fiscal impact on the department as a result of this bill. It is anticipated that any increase in costs may be absorbed within existing resources.

Department of Environmental Quality

Fiscal impact information is not yet available for DEQ.

Other: This bill is similar to SB758.