



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

**Statement of the Connecticut Clean Energy Finance and Investment Authority
Regarding Raised Bill S.B. 949**

**AN ACT ESTABLISHING COMMERCIAL AND INDUSTRIAL PROPERTY TAX
EXEMPTIONS FOR CLEAN ENERGY PROJECTS**

The Clean Energy Finance and Investment Authority (CEFIA) strongly supports the intent of S.B. 949, An Act Establishing Commercial and Industrial Property Tax Exemptions for Clean Energy Projects. CEFIA also would like to recognize S.B. 203 An Act Concerning Property Tax Exemptions for Renewable Energy Sources, which appears to have the same general intent as S.B. 949.

S.B. 949 provides support and the potential for long-term benefits associated with Connecticut's energy, environmental and economic development goals. CEFIA believes authorizing or requiring municipalities to exempt property tax associated with the value of a Clean Energy Project in commercial and industrial (C&I) buildings will further enable many businesses and property owners to engage in smart energy opportunities.

There is currently a mandatory clean energy property tax exemption for the residential sector that applies to systems installed meeting the definition in C.G.S. 16-1(26). S.B. 949 further expands the definition of clean energy to align and be consistent with CEFIA's statutory definition of clean energy set forth in C.G.S. 16-245n.

This expanded definition of clean energy provides additional support to energy efficiency upgrades, distributed generation, including solar thermal and geothermal, and other clean energy resources that will provide energy, environmental as well as local economic development benefits, as well as all resources captured under the Class I definition in 16-1(26). Thus, this proposed C&I property tax exemption policy would go further and deeper, by expanding the definition to incorporate not only Class I projects, but other valuable projects consistent with the clean energy goals of the State.

While some towns may see this as a "lost revenue opportunity", the reality is that many proposed projects will not move forward as a result of the increased property tax burden. For example, a particular project in a C-PACE municipality stands to lose a clean energy opportunity as a result of the property tax issue. Unfortunately, the savings after calculating the anticipated property tax burden is inadequate to cover the interest on the investment and would essentially make the project uneconomic. The payback period in this particular example would be nearly doubled as a result of the property tax obligation associated with the clean energy improvements.

Empowering our businesses and property owners to stabilize and even reduce their energy costs will provide long-term benefits to municipalities independently and the State collectively. These benefits will support job creation, a better commercial and industrial building stock in Connecticut, reduce emissions and thus improve air quality, and overall provide local economic development gains.

There are many programs intended to support smarter energy choices and the increased property tax associated with these energy opportunities are, in many instances, a barrier. This proposed bill will (1) further the mission of CEFIA, (2) strengthen CEFIA's ability to utilize private capital being attracted in Connecticut by increasing demand for financing, and (3) provide additional benefits to the state of Connecticut and its citizens and businesses through programs that support the deployment of these energy resources and the economic development opportunities that they provide.

CEFIA is pleased to be a part of the new energy, environmental and economic development landscape in Connecticut and looks forward to supporting the legislature's and Governor's vision to deliver cleaner, cheaper and more reliable sources of energy.

We thank you again for the opportunity to provide these comments and we look forward to working with your committee.