



Senate

General Assembly

File No. 639

February Session, 2014

Substitute Senate Bill No. 2

Senate, April 21, 2014

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING ELECTRIC CUSTOMER CONSUMER PROTECTION AND CLARIFYING THE PROPERTY TAX EXEMPTION FOR CERTAIN SOLAR THERMAL OR GEOTHERMAL RENEWABLE ENERGY SOURCES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage*) The Public Utilities Regulatory
2 Authority shall study (1) the disclosure of electric supplier contract
3 terms on electric customer bills, and (2) the feasibility of redesigning
4 the existing Internet web site on which an informational summary on
5 electric suppliers is posted. The study shall include, but not be limited
6 to, recommendations for additional disclosures by electric suppliers on
7 electric customer bills and how to enhance the ability of a customer to
8 compare electric supplier offers and make a purchase directly through
9 such web site. On or before January 1, 2015, the authority shall report,
10 in accordance with the provisions of section 11-4a of the general
11 statutes, the findings of such study to the joint standing committee of
12 the General Assembly having cognizance of matters relating to energy.

13 Sec. 2. Subparagraph (A) of subdivision (57) of section 12-81 of the
14 2014 supplement to the general statutes is repealed and the following
15 is substituted in lieu thereof (*Effective from passage and applicable to*
16 *assessment years commencing on and after October 1, 2014*):

17 (57) (A) (i) Any Class I renewable energy source, as defined in
18 section 16-1, or hydropower facility described in subdivision (27) of
19 subsection (a) of section 16-1, installed for the generation of electricity
20 for private residential use or on a farm, as defined in subsection (q) of
21 section 1-1, provided such installation occurs on or after October 1,
22 2007, and further provided such installation is for a single family
23 dwelling, a multifamily dwelling consisting of two to four units or a
24 farm, [or] (ii) any passive or active solar water or space heating system,
25 or (iii) any geothermal energy resource. In the case of clause (ii) or (iii)
26 of this subparagraph, such exemption shall apply only to the amount
27 by which the assessed valuation of the real property equipped with
28 such system or resource exceeds the assessed valuation of such real
29 property equipped with the conventional portion of the system or
30 resource;

31 Sec. 3. Subparagraph (D) of subdivision (57) of section 12-81 of the
32 2014 supplement to the general statutes is repealed and the following
33 is substituted in lieu thereof (*Effective from passage and applicable to*
34 *assessment years commencing on and after October 1, 2014*):

35 (D) For assessment years commencing on and after October 1, 2014,
36 any (i) Class I renewable energy source, as defined in section 16-1, (ii)
37 hydropower facility described in subdivision (27) of subsection (a) of
38 section 16-1, or (iii) solar thermal or geothermal renewable energy
39 source, installed for generation or displacement of energy, provided
40 [(i)] (I) such installation occurs on or after January 1, 2014, [(ii)] (II) is
41 for commercial or industrial purposes, [and (iii)] (III) the nameplate
42 capacity of such source or facility does not exceed the load for the
43 location where such generation or displacement is located, and (IV) in
44 the case of clause (iii) of this subparagraph, such exemption shall apply
45 only to the amount by which the assessed valuation of the real

46 property equipped with such source exceeds the assessed valuation of
47 such real property equipped with the conventional portion of the
48 source;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage and applicable to assessment years commencing on and after October 1, 2014</i>	12-81(57)(A)
Sec. 3	<i>from passage and applicable to assessment years commencing on and after October 1, 2014</i>	12-81(57)(D)

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

The bill limits the property tax value of exemptions on solar thermal and geothermal energy systems to apply to only the difference between the value of the property with the installed system and the value of the property with the conventional portion of the system. To the extent that systems have previously had full exemption will now have limited exemption, there may be an increase of revenue to various municipalities' as their tax levy is increased.

The bill also requires the Public Utilities Regulatory Authority (PURA) to study the disclosure of electric supplier contract terms on electric customer bills and the feasibility of redesigning the website that provides informational summaries on electric suppliers. This study has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of solar lighting systems sold.

OLR Bill Analysis**sSB 2*****AN ACT CONCERNING ELECTRIC CUSTOMER CONSUMER PROTECTION AND CLARIFYING THE PROPERTY TAX EXEMPTION FOR CERTAIN SOLAR THERMAL OR GEOTHERMAL RENEWABLE ENERGY SOURCES.*****SUMMARY:**

This bill limits property tax exemptions on solar thermal (e.g., solar heated water) and geothermal energy systems to the difference between the value of the property with the installed system and the value of the property with only the conventional portion of the system. The term “conventional portion” is undefined, but presumably includes pipes and other conduits that would exist on a property in the absence of such an energy improvement. By law, these property tax exemptions have certain restrictions and apply to (1) single-family and two- to four-unit multifamily residential property, (2) farms, and (3) commercial or industrial property.

The bill also requires the Public Utilities Regulatory Authority (PURA) to study the disclosure of electric supplier contract terms on electric customer bills and the feasibility of redesigning the website that provides information on electric suppliers. The study must include (1) recommendations for additional disclosures by electric suppliers on customer bills and (2) ways to enhance the customer’s ability to compare supplier offers and make a purchase through the website. PURA must report the findings of the study by January 1, 2015 to the Energy and Technology Committee.

EFFECTIVE DATE: Upon passage, with the limitations on property tax exemptions applicable to assessment years commencing on or after October 1, 2014.

BACKGROUND***Legislative History***

The Senate referred the bill (File 264) to the Finance, Revenue and Bonding Committee, which reported a substitute that eliminates the prior bill's sales and use tax exemption for certain solar lighting systems.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/18/2014)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 0 (04/11/2014)