



March 9, 2021

Energy and Technology Committee
201 Capital Avenue
Hartford, CT 06106

Re: **SB 993**

Members of the Energy and Technology Committee:

We support the proposed Uniform Capacity Tax (UCT) as set forth in S.B. 993, with amendments. This legislation would clarify existing confusion over the existing 12-81 57(D) tax exemption for virtual net metering projects (16-244u). The proposed bill would simplify the process for the host towns and would provide a welcome uniformity for non-virtual net metering projects across the State for all solar projects.

Virtual net metering projects utilize less than 12 acres of land and do not impact town roads, burden their schools, or use any other town services. Instead, these projects quietly add value. If towns choose to participate, they can save \$75,000 per year in net metering credits with no outlay of capital or other risk. Furthermore, the fees for the building permits are on average, \$50,000 per project, and the construction period lasts 3-5 months. Therefore, a UCT of \$5,000 per MW (AC) is a fair proposal for these projects in light of the existing tax exemption, and their low impact on town services and the additional benefits they offer host towns.

Lodestar has developed six projects in Connecticut in the virtual net metering program. For every project, we have met with town managers, attended Board of Selectmen meetings, Planning Board Meetings, and in some cases, Inland Wetland Board Meetings. After each meeting, we have requested the town provide a letter of support to the Connecticut Siting Council who has exclusive jurisdiction over the siting and permitting of these projects. Every town, with one exception, has been willing to provide a letter of support.

Lodestar has also offered the host town for every single project, the opportunity to purchase the discounted net metering credits from the proposed facility, and offered to enter into a tax agreement, despite the fact that these projects are tax exempt. Only one town was prepared to enter into an agreement to buy discounted credits from the project located in its town, and only one town has entered into a tax agreement, prior to appeals or legal action.

In Connecticut, there are two components to property tax: (1) “real property” tax (the tax paid on the underlying real property; and (2) “personal property” tax (the tax paid on the solar equipment – panels, racking, inverters, etc.) With regard to real property tax, we have experienced a significant increase in those taxes. In fact, the real property taxes have increased on average ten-fold over their original amounts. In one particularly extreme case, the Town of East Windsor increased the real property tax 40-fold without any valid reason. Additionally, despite the fact that there is a clear statute exempting personal property (the solar equipment) from taxation,

Lodestar Energy



every town has declined to grant the exemption. This is remarkable considering there are many identical projects in Connecticut that have already received the exemption under 12-81 57(D).

After more than 3 years of back-and-forth discussions in Suffield and East Windsor and 4 years in Barkhamsted, we took the only remaining option available and filed a lawsuit. In each case, the towns were charging us taxes for personal property on equipment that was clearly exempt under 12-81 57(D), and had also increased the real property on average by 10 times and in the case of East Windsor, the real property was increased by 40 times the original amount (See Exhibit A, attached hereto).

Upon threat of legal action, Suffield agreed to enter into a tax agreement with us for both the real property taxes and the personal property taxes.

With regard to East Windsor, the Town acknowledged the exemption eventually, but only after three years and three unsuccessful appeals to the Town of East Windsor Board of Assessment Appeals. At that point we had no choice but to file a lawsuit which ultimately forced the Town to review the exemption with counsel and admit the validity of the exemption.

With regard to Barkhamsted/New Hartford, neither town has acknowledged the exemption and our litigation is still pending.

Additionally, we have spent over \$100,000 on legal representation in these matters and have overpaid in excess of \$250,000 in taxes that were inappropriately assessed. To build these projects, we must supply various financial assurances for our banks and for tax credits. These projects were modeled to produce a profit of approximately \$50,000 per project per year, in specific reliance upon the statutory tax exemption. The taxes alone on these projects are in excess of that amount. If this exemption is not granted by the court or clarified by the legislature, we will likely file for bankruptcy under one or more of these entities.

For all the reasons set forth herein, we strongly support the move to a Uniform Capacity Tax as set forth in S.B. 993, with amendments. This legislation would clarify any confusion over the existing 12-81 57(D), and would simplify the process for the hosting town by compensating them fairly and appropriately for these beneficial solar projects.

Very truly yours,

Jeffrey J. Macel
Lodestar Energy LLC

Lodestar Energy

www.lodestarenergy.com • 40 Tower Lane, Suite 201, Avon, CT 06001



Exhibit A



Revaluation Hearing Results Notice
Assessor's Office
Town of East Windsor

Assessor's Office
11 Rye Street
Broad Brook, CT 06016

This is not a bill

Date of Issue: January-8-2018

Property Type: Vacant Land
Unique ID: 00190001
Property Location: WAPPING RD
Map/Block/Lot: 037 65 027A

*new address
80 WAPPING RD*

NORTHERN CAPITOL REGION DISPOSAL
FACILITY INC
321 OLCOTT ST
MANCHESTER, CT 06040-0000

Pursuant to the Connecticut General Statute 12-55, you are hereby notified that your Assessment (Based on 70% of the October 1, 2017 Market Value) for the above listed property has changed as follows:

Total Old Assessment	Noticed Assessment October 1, 2017	Total New Assessment October 1, 2017
29,380	11,990	1,269,680

This is a 43 times increase in the real property assessment.

Dear Property Owner:

The Town of East Windsor has completed the state-mandated revaluation of all real estate for the October 1, 2017 Grand List. This notice indicates the results of your informal hearing. The notice includes your existing assessment based on 70% of the October 1, 2012 market value, the original assessment which was noticed, and the assessment resulting from your informal hearing, both based on 70% of the October 1, 2017 market value.

This notice does not reflect exemptions and credits for which you may qualify, such as elderly, veterans and blind; these exemptions will be applied by the Assessor's Office and will be reflected in your July 2018 tax bill. Reductions for properties with farm, forest or open space classifications have been incorporated in the revalued assessment.

If you wish to further challenge your October 1, 2017 real estate assessment, you may file an appeal with the Board of Assessment Appeals by submitting a written request on the prescribed form by February 20, 2018. These forms will be available after February 1, 2018 from the Assessor's Office in Town Hall and can be downloaded from the Town of East Windsor website at: www.eastwindsor-ct.gov

By state statute, an appeal can be heard only if the written request has been submitted on the prescribed form to the East Windsor Board of Assessment Appeals by February 20, 2018.

Respectfully,
eQuality Valuation Services, LLC.



Revaluation Hearing Results Notice
Assessor's Office
Town of East Windsor

Assessor's Office
11 Rye Street
Broad Brook, CT 06016

This is not a bill

Date of Issue: January-8-2018

Property Type: Vacant Land
Unique ID: 01896500
Property Location: 90 WAPPING RD
Map/Block/Lot: 027 65 031

NORTHERN CAPITOL REGION DISPOSAL
FACILITY INC
321 OLCOTT ST
MANCHESTER, CT 06040

Pursuant to the Connecticut General Statute 12-55, you are hereby notified that your Assessment (Based on 70% of the October 1, 2017 Market Value) for the above listed property has changed as follows:

Total Old Assessment	Noticed Assessment October 1, 2017	Total New Assessment October 1, 2017
126,970	95,140	1,211,420

This is a 10 times increase in the real property assessment.

Dear Property Owner:

The Town of East Windsor has completed the state-mandated revaluation of all real estate for the October 1, 2017 Grand List. This notice indicates the results of your informal hearing. The notice includes your existing assessment based on 70% of the October 1, 2012 market value, the original assessment which was noticed, and the assessment resulting from your informal hearing, both based on 70% of the October 1, 2017 market value.

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Respectfully,
eQuality Valuation Services, LLC.

Canal Moore
860-623-8078