



**March 9, 2021 COMMENTS TO CGA'S ENERGY & TECHNOLOGY COMMITTEE FROM SOLARCONNECTICUT (SOLARCONN) EXECUTIVE DIRECTOR MIKE TRAHAN ON S.B. No. (RAISED) AN ACT REMOVING THE PROPERTY TAX EXEMPTION FOR SOLAR PROJECTS AND RECLASSIFYING THE TAX CALCULATION OF SOLAR PROJECTS ON SINGLE PARCELS OF LAND.**

*SolarConnecticut is the state's solar energy business group that works on behalf of companies that actively finance, design, install and develop commercial and residential solar power systems in Connecticut. Our members are largely in-state businesses responsible for majority of the nearly 50,000 home solar systems installed to date, and commercial contractors developing small and medium size rooftop and ground mount solar projects. The 2019 Solar Foundation Jobs Census counted 2,234 solar industry jobs in Connecticut.*

State Sen. Cathy Osten approached SolarConn making it clear that large ground mount solar projects that export power to the grid, instead of deploying that power into the host community, should be required to pay taxes to the host municipality even though these projects are currently property tax exempt.

In response to Sen. Osten's position, SolarConn has proposed that Connecticut adopt language similar to what's in place in Rhode Island (see p.2) that requires commercial solar systems that generate power in excess of that used by a local business or property, to make annual property tax payments of \$5,000 per installed megawatt (AC) on the solar equipment itself (personal property tax).

Take for example a 40-acre parcel currently assessed \$1,000 a year in taxes as open space or forested land. Once a typical 2MW virtual net metering solar project is installed on that parcel, the tax on the land remains at \$1,000 while the annual additional tax revenue collected (2MW X \$5,000) would be \$10,000 ... a 10X increase (see chart below).

	<b>CURRENT</b>	<b>SOLARCONN PROPOSAL</b>
20 yr. Personal Property Tax Payment	\$0	\$200,000 (new revenue)
Project Permit Fees (1 time payment)	\$0	\$50,000 (estimated)
Electric Bill Savings (Buying VNM Credits) Over 20 years	\$0	\$250,000 (muni electric bill savings)

This collection new tax revenue to the towns would be applied to virtual net metering (VNM), Shared Clean Energy Projects (SCEF) and any project that exports power to the grid in excess of power used on site. It's important to understand that these projects create revenue for towns, but they require no municipal services.

In addition to a significant increase in property tax revenue to the town, the language change SolarConn suggests to SB 993 would also address situations where large projects are split into several individual projects to stay within the 3-megawatts threshold for paying municipal taxes.

Our offer to lift the personal (equipment) property tax exemption would apply only to projects that export power and not apply to rooftop or ground mount projects that serve a dedicated, local electrical load such a private business.

Based on discussions with Sen. Osten, and the Senator's written testimony submitted on this bill, we believe all parties would agree with the SolarConn language proposal that strikes all changes in SB 993 and instead inserts the following:

12-121g. Uniform Capacity Tax.

(a) As used in this section:

(1) "Plant capacity" means the rated electrical nameplate for a plant, except that, in the case of a solar energy plant, the term shall mean the aggregate AC nameplate capacity of all inverters used to convert the plant's output to AC power.

(NEW) Notwithstanding section 12-62a and the exemption in section 12-81(57)(D), any Class I renewable energy source that (I) such installation is completed on or after January 1, 2020, (II) the annual production in kilowatt-hours of such source or facility exceeds the annual load for the location where such generation or displacement is located and (III) has a plant capacity greater than 50 kilowatts, shall pay an annual personal property tax rate of no more than \$ 5.00 per kilowatt-AC of plant capacity. No further increase in either personal or real property taxes shall be assessed by the municipality on the system owner or the property owner due to the addition of the Class I renewable energy source.

Respectfully,



Michael Trahan

Executive Director

SolarConnecticut "CT's Solar Industry Business Group Since 2007"

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