

# Energy and Technology Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-993

AN ACT REMOVING THE PROPERTY TAX EXEMPTION FOR SOLAR PROJECTS AND RECLASSIFYING THE TAX CALCULATION OF SOLAR

**Title:** PROJECTS ON SINGLE PARCELS OF LAND.

**Vote Date:** 3/18/2021

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/9/2021

**File No.:**

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## SPONSORS OF BILL:

[Sen. Catherine A. Osten, 19th Dist.](#)

## REASONS FOR BILL:

This bill would define that all solar projects located on the same parcel of land shall be considered one solar project for tax purposes and that all solar projects under seven megawatts are taxable

## RESPONSE FROM ADMINISTRATION/AGENCY:

## NATURE AND SOURCES OF SUPPORT:

**Danielle Chesebrough First Selectman-Town of Stonington** supports SB 993 because it closes a loophole that has caused significant revenue loss to several municipalities across the state. Currently, 12-81(57) section D mandates that commercial/industrial solar facilities are eligible for exemption only if the nameplate capacity of such source does not exceed the load for the location where such generation or displacement is located or the aggregated load of the beneficial account for any Class I renewable energy source participating in virtual net, which does not exceed three megawatts.

**Kevin Cwikla-First Selectman, Town of Lebanon** supports SB 993 because if this legislation is passed it would once again allow municipalities to collect taxes on industrial-size solar projects.

**Betsy Gara, Executive Director-Connecticut Council of Small Towns** is in favor of SB 993 because it would close a loophole in the existing law to ensure that municipalities can collect much-needed property taxes on large, industrial-size solar projects.

**William Herchel-CEO of Verogy** supports the removal of the property tax exemption for certain solar projects in the state; however, we believe that significant changes need to be made to the bill as drafted to effectuate (what we understand to be) the desired result. Specifically, the bill should:

1. Eliminate the property tax exemption for Virtual Net Metering (“VNM”) projects. a. This eliminates the problematic result experienced by municipalities where a Virtual Net Metering project is hosted by one municipality but VNM credits are delivered elsewhere, leaving minimal benefit to the host municipality
2. Institute a fixed rate of property tax of \$5.00 per kW AC for solar projects that are designed to exceed the on-site annual usage
  - a. This ensures that every host municipality will be entitled to benefit from a solar project that exceeds onsite usage, including Virtual Net Metering projects
  - b. This ensures that there will be no ability to disaggregate projects on single parcels to avoid property taxation
  - c. This also ensures that municipalities will be on a level playing field for the deployment of future state-sponsored solar projects (SCEF, LREC/ZREC successor projects, future DEEP large-scale procurements). Varying mill rates will not create impediments to development in otherwise desirable development spaces (e.g. brownfields, landfills, etc. in congested urban areas)
  - d. This provides certainty to the solar industry which alleviates gaming in the state-sponsored auction programs and ensures the best solar projects with lowest costs to ratepayers and greatest grid benefits will be awarded.

Specifically, this bill should not:

1. Eliminate the property tax exemption for behind-the-meter solar projects that are not designed to exceed on-site annual usage
  - a. This exemption for behind-the-meter solar projects is essential to the residential, commercial and industrial, and small municipal industry in the state.

**Connecticut State Senator Cathy Osten** supports SB 993 because This legislation seeks to clarify that certain solar entities will be subject to municipal taxation. By passing this legislation, we can fix this loophole and bring relief to municipalities that host said commercial facilities.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Arthur Helmus** opposes SB 993 because as drafted, this amendment would eliminate the property tax abatement for every residential or farm owner of a solar array in Connecticut unless the solar array is larger than 7 megawatts. Given that 7 MW is roughly equivalent to the size of a solar array sufficient to fully energize about 800 houses, I would venture that there is not one “single family dwelling, a multifamily dwelling consisting of two to four units or

a farm” in Connecticut to which the property tax abatement that would survive SB 993 would apply.

**Kyle Wallace Sr. Manager, Public Policy** opposes SB 993 in its current form because. As drafted, the bill would solely eliminate the property tax exemption for residential solar systems unless those residential systems have a generating capacity greater than 7 MW – which is not possible. Additionally, the language regarding the treatment of multiple solar projects on the same parcel of land would also only apply to residential projects. Commercial, industrial, or grid-scale virtual net metering projects would still maintain the same property tax exemption they receive today.

**Reported by: Jason Snukis**

**Date: April 5, 2021**