OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
http://www.cga.ct.gov/ofa

sHB-6764
AN ACT CONCERNING A SOLAR UNIFORM CAPACITY TAX AND MODIFICATIONS TO THE STATE'S RENEWABLE ENERGY PROGRAMS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 $	FY 25 $
Resources of the General Fund	GF - Cost	Up to $1,400,000	Up to $1,400,000
Resources of the General Fund	GF - Revenue Gain	Up to $2,800,000	Up to $2,800,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 $	FY 25 $
Various Municipalities	STATE MANDATE[1] - Grand List Reduction	None	Potential

Explanation

The bill would have a net revenue gain for the state. The bill imposes a tax of $5.00 fee per kw of capacity of any facility with a greater kwh capacity than 25 kW. As of 2019 Connecticut had a Photovoltaic Solar capacity of 566.3 mW or 566,300 kw[2]. This at the time was spread in over 44,514 facilities. Assuming that the entire capacity was produced at

[1] State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
[2] ISO New England 2020 PV Forecast

Primary Analyst: MT
Contributing Analyst(s): LG
Reviewer: MM

3/28/23

facilities with greater than 25 kW capacity this would leave a maximum tax collection of $2,831,500. Under the bill half of the additional tax revenue would be distributed to the general fund, and the one half would be designated to the bill's Solar Uniform Capacity Account.

The Department of Energy and Environmental Protection (DEEP) is charged with producing a study on properties that the state holds that could be leased by solar projects to increase capacity The bill specifically includes highway corridors and correctional institutions as potential locations. DEEP must consult with the commissioners of administrative services, corrections, and transportation for the report. DEEP is also required to put together an additional study on locations in right-of-way and underutilized parking lots. There is no additional cost for conducting Either study.

The bill expands the net zero mW cap from 100 mW to 200 mW. The Non-Residential Energy Solutions program (NRES) and the Shared Clean Energy Facilities program (SCEF) would both maintain aggregate caps at 160 mW; but unused capacity may be transferred to another program if it is under existing caps. The programmatic caps were not changed by this legislation. This does not obligate the Public Utility Regulatory Authority (PURA) to any additional action and has no cost to the state.

The bill, which exempts certain solar facilities from property tax, results in a potential grand list reduction beginning in FY 25 for municipalities that have these solar facilities. The grand list reduction will be partially mitigated by the funds collected from the facilities and deposited into the new Solar Uniform Capacity Tax Account. These funds are distributed to municipalities in proportion to the municipality's share of total capacity of solar facilities subject to the bill's property tax exemption and tax.

Rate Payer Impact Statement:

This bill may cause a slight rate increase. The program NRES and

SCEF are programs administered by electric distribution companies in Connecticut. These companies are allowed to reclaim any investment made in infrastructure via the cost recovery method currently built into the rate. The expansion of zero emissions projects through these programs may require additional infrastructure improvements increasing costs available to recover through the ratepayer. The exact impact fiscally would depend heavily on existing infrastructure conditions, market fluctuations, and if the additional power purchased would come from current participants or new participants.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.