House of Representatives

General Assembly

File No. 360

February Session, 2024

House Bill No. 5232

House of Representatives, April 9, 2024

The Committee on Energy and Technology reported through REP. STEINBERG of the 136th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SOLAR PROJECTS THROUGHOUT THE STATE.

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

Section 1. Subdivision (57) of section 12-81 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2024*):

(57) (A) (i) Any Class I renewable energy source, as defined in section 16-1, or hydropower facility described in subdivision (21) of subsection (a) of section 16-1, installed for the generation of electricity where such electricity is intended for private residential use or on a farm, as defined in subsection (q) of section 1-1, provided (I) such installation occurs on or after October 1, 2007, (II) the estimated annual production of such source or facility does not exceed the estimated annual load for the location where such source or facility is located, where such load and production are estimated as of the date of installation of the source or facility as indicated in the written application filed pursuant to subparagraph **[**(E)**]** (F) of this subdivision, and (III) such installation is

for a single family dwelling, a multifamily dwelling consisting of two to four units or a farm; (ii) any passive or active solar water or space heating system; or (iii) any geothermal energy resource. In the case of clause (i) of this subparagraph, the utilization of or participation in any net metering or tariff policy or program implemented by the state or ownership of such source or facility by a party other than the owner of the real property upon which such source or facility is installed shall not disqualify such source or facility from exemption pursuant to this section. In the case of clause (ii) or (iii) of this subparagraph, such exemption shall apply only to the amount by which the assessed valuation of the real property equipped with such system or resource exceeds the assessed valuation of such real property equipped with the conventional portion of the system or resource;

(B) For assessment years commencing on and after October 1, 2013, any Class I renewable energy source, as defined in section 16-1, hydropower facility described in subdivision (21) of subsection (a) of section 16-1, or solar thermal or geothermal renewable energy source, installed for generation or displacement of energy, provided (i) such installation occurs on or after January 1, 2010, (ii) such installation is for commercial or industrial purposes, (iii) the nameplate capacity of such source or facility does not exceed the load for the location where such generation or displacement is located, and (iv) such source or facility is located in a distressed municipality, as defined in section 32-9p, with a population between one hundred twenty-five thousand and one hundred thirty-five thousand;

(C) For assessment years commencing on and after October 1, 2013, any municipality may, upon approval by its legislative body or in any town in which the legislative body is a town meeting, by the board of selectmen, abate up to one hundred per cent of property tax for any Class I renewable energy source, as defined in section 16-1, hydropower facility described in subdivision (21) of subsection (a) of section 16-1, or solar thermal or geothermal renewable energy source, installed for generation or displacement of energy, provided (i) such installation occurs between January 1, 2010, and December 31, 2013, (ii) such

installation is for commercial or industrial purposes, (iii) the nameplate capacity of such source or facility does not exceed the load for the location where such generation or displacement is located, and (iv) such source or facility is not located in a municipality described in subparagraph (B) of this subdivision;

(D) For assessment years commencing on and after October 1, 2014, any (i) Class I renewable energy source, as defined in section 16-1, other than a nuclear power generating facility, (ii) hydropower facility described in subdivision (21) of subsection (a) of section 16-1, or (iii) solar thermal or geothermal renewable energy source, installed for generation or displacement of energy, provided (I) such installation occurs on or after January 1, 2014, (II) is for commercial or industrial purposes, (III) the nameplate capacity of such source or facility does not exceed the load for the location where such generation or displacement is located or the aggregated load of the beneficial accounts for any Class I renewable energy source participating in virtual net metering pursuant to section 16-244u, and (IV) in the case of clause (iii) of this subparagraph, such exemption shall apply only to the amount by which the assessed valuation of the real property equipped with such source exceeds the assessed valuation of such real property equipped with the conventional portion of the source;

(E) For assessment years commencing on and after October 1, 2024, any Class I renewable energy source consisting of equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect.

[(E)**]** (F) Any person claiming **[**the**]** an exemption provided in this subdivision for any assessment year shall, on or before the first day of November in such assessment year, file with the assessor or board of assessors in the town in which such hydropower facility, Class I renewable energy source, solar thermal or geothermal renewable energy source or passive or active solar water or space heating system or geothermal energy resource is located, a written application claiming such exemption. Such application shall be made on a form prepared for

such purpose by the Secretary of the Office of Policy and Management, in consultation with the Connecticut Association of Assessing Officers and the Connecticut Green Bank established pursuant to section 16-245n, as amended by this act, and shall include, but not be limited to, a statement of the estimated annual load and production of a source or facility described in clause (i) of subparagraph (A) of this subdivision as of the date of the installation of such source or facility. Said secretary shall make such application available to the public on the Internet web site of the Office of Policy and Management. Failure to file such application in the manner and form as provided by the secretary within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year. Such application shall not be required for any assessment year following that for which the initial application is filed, provided if such hydropower facility, Class I renewable energy source, solar thermal or geothermal renewable energy source or passive or active solar water or space heating system or geothermal energy resource is altered in a manner which would require a building permit, such alteration shall be deemed a waiver of the right to such exemption until a new application, applicable with respect to such altered source, is filed and the right to such exemption is established as required initially. **[**In the event that**]** If a person owns more than one such source or facility in a municipality, such person may file a single application identifying each source or facility. On and after October 1, 2024, the provisions of this subparagraph shall not apply to any owner of any Class I renewable energy source consisting of equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect;

[(F)**]** (G) For assessment years commencing on and after October 1, 2015, any municipality may, by vote of its legislative body or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, abate up to one hundred per cent of the property taxes due for any tax year, for not longer than the term of the power purchase agreement, with respect to any Class I renewable energy source, as defined in section 16-1, that is the subject of such power purchase agreement approved by the Public Utilities Regulatory

Authority pursuant to section 16a-3f;

(H) On and after October 1, 2024, the exemptions in subparagraphs (D)(i) and (E) of this subdivision shall apply only to equipment and devices that have the primary purpose of generating electricity. Such exemptions shall not apply to any real property on which such equipment and devices are located or installed. In the case of equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect, on and after October 1, 2024, all such equipment and facilities shall be considered tangible personal property under section 12-41;

Sec. 2. (NEW) (*Effective October 1, 2024*) (a) As used in this section:

(1) "Solar photovoltaic system" means equipment and devices that (A) have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect, (B) have a nameplate capacity greater than two megawatts of electricity, (C) are approved on or after October 1, 2024, by (i) the Connecticut Siting Council, or (ii) the zoning commission or other final zoning authority of each municipality in which such equipment and devices are located, if such equipment and devices are not subject to approval by the Connecticut Siting Council, and (D) the nameplate capacity of such equipment and devices exceeds the load for the location where such generation is located;

(2) "Municipality" means any town, city, consolidated town and city or consolidated town and borough; and

(3) "Uniform solar capacity tax year" means the annual accounting period used to calculate the tax under this section, consisting of a twelve-month period commencing on October first and ending the following September thirtieth.

(b) Except as provided in subsection (h) of this section, for uniform solar capacity tax years commencing on and after October 1, 2024, each person that owns a solar photovoltaic system in the state for generation or displacement of energy shall pay an annual tax to the department of

finance of each municipality in which the system or any part thereof is located, or, if the municipality does not have a department of finance, to the tax collector for such municipality. The tax shall be the product of eight thousand dollars multiplied by the number of megawatts of nameplate capacity for each such system. If a solar photovoltaic system has multiple owners, each owner shall be jointly and severally liable for the tax owed pursuant to this section.

(c) Not later than October 31, 2024, the department of finance in each municipality, or, for any municipality that does not have a department of finance, the tax collector of such municipality, shall prescribe and furnish a form for such tax. The tax imposed under this section shall be due and payable on the due date or due dates of such return, as determined by the department of finance or tax collector, as applicable. The department of finance or tax collector, as applicable, may require a single annual payment of the tax imposed under this section or may require semiannual or quarterly installments of such payment.

(d) The revenues produced by the tax imposed under this section shall become part of the general revenue of the municipality in which the tax is paid.

(e) If a solar photovoltaic system is located in more than one municipality, the tax shall be allocated between or among the municipalities in proportion to the nameplate capacity of the solar photovoltaic system located in each municipality.

(f) Whenever the tax imposed under this section is not paid when due to the department of finance or tax collector, as applicable, in a municipality, interest at the rate of one and one-half per cent per month or fraction thereof shall accrue on such tax from the due date of such tax until the date of payment.

(g) Any person claiming to be aggrieved by the action of a department of finance or tax collector under this section may appeal the tax to the Superior Court. Any person appealing the tax that pays a portion of such tax during the pendency of such appeal and indicates

that such portion is paid "under protest" shall not be liable for any interest on the tax, provided such person pays not less than seventy-five per cent of the amount of the tax assessed by the municipality during the time limits prescribed by the department of finance or tax collector, as applicable, in such municipality in accordance with this section.

(h) (1) Any municipality acting through its board of selectmen, town council, court of common council or other legislative body shall have the power to enter into an agreement to freeze or stabilize the tax imposed under this section for any owner of a solar photovoltaic system located in such municipality, as provided in this subsection.

(2) With respect to any photovoltaic system located in more than one municipality, such agreement shall only pertain to the tax that is allocated to the municipality that enters into such agreement, in accordance with the provisions of subsection (e) of this section.

(i) For purposes of calculating the nameplate capacity of a solar photovoltaic system, the following shall be deemed to be part of the same solar photovoltaic system: (1) All equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect that are located on the same parcel; (2) all equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect that are located on land that the current owner of any part of such land subdivided into multiple parcels but was part of the same parcel prior to such subdivision; and (3) all equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect that are located on adjoining parcels. Nothing in this subsection shall be construed to limit tax liability or the definitions in subsection (a) of this section.

Sec. 3. Subsection (a) of section 31-53d of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2024*):

(a) As used in this section, unless the context otherwise requires:

(1) "Covered project" means a renewable energy project with a total nameplate capacity of **[**two megawatts**]** one megawatt or more that is situated on land in the state, or, on and after January 1, 2025, a hydrogen project. "Covered project" does not include (A) any renewable energy project (i) selected in a competitive solicitation conducted by (I) the Department of Energy and Environmental Protection, or (II) an electric distribution company, as defined in section 16-1, and (ii) approved by the Public Utilities Regulatory Authority prior to January 1, 2022, (B) any renewable energy project under contract with another entity and approved by the relevant regulatory authority, as applicable, prior to January 1, 2022, or (C) any renewable energy project that commenced construction before July 1, 2021;

(2) "Renewable energy project" means a Class I renewable energy source, as defined in section 16-1. "Renewable energy project" does not include any offshore wind facility procured pursuant to section 16a-3h, 16a-3m or 16a-3n;

(3) "Hydrogen project" means any project that produces, processes, transports, stores or uses hydrogen;

(4) "Community benefits agreement" means an agreement between (A) the developer of a covered project, and (B) community-based organizations or a coalition of such organizations, that details the project's contributions to the community in which it is or will be sited and the aspects of the project that will mitigate adverse conditions of such community and create opportunities for local businesses, communities and workers;

(5) "Labor organization" means any organization, other than a company union, that exists for the purpose, in whole or in part, of collective bargaining or of dealing with employers concerning grievances, terms or conditions of employment, or of other mutual aid or protection, including, but not limited to, (A) bona fide labor organizations that are certified or recognized as the organization of jurisdiction representing the workers involved, (B) bona fide building and construction trades councils or district councils, and (C) state and

local labor federations comprised of local unions certified or recognized as the representative of the workers; and

(6) "Workforce development program" means a program pursuant to which newly hired employees and existing employees are given the opportunity to develop skills that will enable such employees to qualify for higher paying jobs on a covered project. A workforce development program includes: (A) Apprenticeship training through an apprenticeship program registered with the Labor Department or a federally recognized state apprenticeship agency that complies with the requirements under 29 CFR 29 and 29 CFR 30, as each may be amended from time to time, and (B) preapprenticeship training that will enable students to qualify for registered apprenticeship training.

Sec. 4. (*Effective from passage*) The Commissioner of Energy and Environmental Protection shall conduct a study regarding community solar programs in the state. Such study shall include, but need not be limited to, a review of existing programs to promote community solar projects and any recommendations for new programs or initiatives to promote community solar. The commissioner shall report the results of the study, including any recommendations, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology not later than January 1, 2025.

Sec. 5. (NEW) (*Effective October 1, 2024*) The state shall achieve: (1) Commencing January 1, 2025, and annually thereafter, the installation of not less than five hundred megawatts of capacity from new solar photovoltaic systems, with a priority of installing residential solar photovoltaic systems for low-income residents and residents of distressed municipalities, as defined in section 32-9p of the general statutes; and (2) not later than January 1, 2035, the installation of solar photovoltaic systems on the rooftops of two hundred fifty thousand residences or more.

Sec. 6. (NEW) (*Effective July 1, 2024*) (a) Notwithstanding any provision of any municipal charter or ordinance, the planning commission, zoning commission or combined planning and zoning

commission of each municipality shall amend any regulations adopted pursuant to subsection (a) of section 8-2 of the general statutes to establish a simplified approval process for any application to build a solar canopy, as defined in section 16-50i of the general statutes, in such municipality.

(b) Notwithstanding any provision of any municipal charter or ordinance, the planning commission, zoning commission or combined planning and zoning commission of each municipality shall approve or deny any land use application to build a solar canopy, as defined in section 16-50i of the general statutes, in such municipality not later than six months after the filing date of such application.

Sec. 7. (*Effective from passage*) On or before January 1, 2025, the Department of Energy and Environmental Protection shall develop and approve a solar canopy strategic plan. The plan shall identify opportunities and potential sites for solar canopies in the state and shall prioritize the development of solar canopies in environmental justice communities, as defined in section 22a-20a of the general statutes. Such potential sites may include, but need not be limited to, parking lots in the state. The plan shall include an examination of different ways to promote solar canopies, including at schools, government buildings and parking lots, and shall include recommendations for policies, programs or regulations to promote the construction of solar canopies in the state, consistent with the greenhouse gas reduction goals established in section 22a-200a of the general statutes, the Integrated Resources Plan approved pursuant to section 16a-3a of the general statutes and the Comprehensive Energy Strategy prepared pursuant to section 16a-3d of the general statutes.

Sec. 8. Subsection (c) of section 16-245n of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2024*):

(c) (1) There is hereby created a Clean Energy Fund which shall be within the Connecticut Green Bank. The fund may receive any amount required by law to be deposited into the fund and may receive any

federal funds as may become available to the state for clean energy investments. Upon authorization of the Connecticut Green Bank established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand for clean energy and deployment of clean energy sources that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy use from traditional sources. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for clean energy projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the Connecticut Green Bank and capital costs incurred by the Connecticut Green Bank in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the Connecticut Green Bank, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of clean energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to clean energy technologies. No amount in the fund shall be used to offer, advertise, market or provide any financing or development services concerning any commercial project if companies or persons, as such terms are defined in section 12-1, in the private sector currently provide such services for such a project, unless such project is developed pursuant to the commercial sustainable energy program under section 16a-40g, as amended by this act.

(2) (A) There is hereby created an Environmental Infrastructure Fund which shall be within the Connecticut Green Bank. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for

environmental infrastructure investments, except that the fund shall not receive: (i) Ratepayer or Regional Greenhouse Gas Initiative funds, (ii) funds that have been deposited in, or are required to be deposited in, an account of the Clean Water Fund pursuant to sections 22a-475 to 22a-483f, inclusive, or (iii) funds collected from a water company, as defined in section 25-32a.

(B) Upon authorization of the Connecticut Green Bank established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in environmental infrastructure in accordance with a comprehensive plan developed by it to foster the growth, development, commercialization and, where applicable, preservation of environmental infrastructure and related enterprises, except any project or purpose eligible for funding pursuant to sections 22a-475 to 22a-483f, inclusive. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the Connecticut Green Bank, and capital costs incurred by the Connecticut Green Bank in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the Connecticut Green Bank, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of environmental infrastructure and actions which expand the expertise of individuals, businesses and lending institutions with regard to environmental infrastructure. No amount in the fund shall be used to offer, advertise, market or provide any financing or development services concerning any commercial project if companies in the private sector currently provide such services for such a project, unless such project is developed pursuant to the commercial sustainable energy program under section 16a-40g, as amended by this act.

Sec. 9. Subsection (b) of section 16a-40g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2024*):

(b) (1) The bank shall establish a commercial sustainable energy program in the state, and in furtherance thereof, is authorized to make appropriations for and issue bonds, notes or other obligations for the purpose of financing, (A) energy improvements; (B) related energy audits; (C) renewable energy system feasibility studies; and (D) verification reports of the installation and effectiveness of such improvements. The bonds, notes or other obligations shall be issued in accordance with legislation authorizing the bank to issue bonds, notes or other obligations generally. Such bonds, notes or other obligations may be secured as to both principal and interest by a pledge of revenues to be derived from the commercial sustainable energy program, including revenues from benefit assessments on qualifying commercial real property, as authorized in this section.

(2) When the bank has made appropriations for energy improvements for qualifying commercial real property or other costs of the commercial sustainable energy program, including interest costs and other costs related to the issuance of bonds, notes or other obligations to finance the appropriation, the bank may require the participating municipality in which the qualifying commercial real property is located to levy a benefit assessment against the qualifying commercial real property especially benefited thereby.

(3) The bank (A) shall develop program guidelines governing the terms and conditions under which state and third-party capital provider financing may be made available to the commercial sustainable energy program, including, in consultation with representatives from the banking industry, municipalities and property owners, developing the parameters for consent by existing mortgage holders and may serve as an aggregating entity for the purpose of securing state or private third-party capital provider financing for energy improvements pursuant to this section, (B) shall establish the position of commercial sustainable

energy program liaison within the bank, (C) may establish a loan loss reserve or other credit enhancement program for qualifying commercial real property, (D) may use the services of one or more private, public or quasi-public third-party administrators to administer, provide support or obtain financing for the commercial sustainable energy program, (E) shall adopt standards to determine whether the combined projected energy cost savings and other associated savings of the energy improvements over the useful life of such improvements exceed the costs of such improvements, except that such standards shall not apply to the installation of refueling infrastructure for zero-emission vehicles, **[**or**]** resilience improvements adopted under this section or expansions or upgrades to an existing renewable energy system, and (F) may encourage third-party capital providers to provide financing, leases and power purchase agreements directly to benefited property owners in lieu of or in addition to the bank providing such loans.

(4) The bank shall consult with the Department of Energy and Environmental Protection and the Connecticut Institute for Resilience and Climate Adaptation to develop program eligibility criteria for financing of resilience improvements, consistent with state environmental resource protection and community resilience goals.

Sec. 10. (*Effective from passage*) The Department of Energy and Environmental Protection, in consultation with the Department of Administrative Services, shall study the feasibility of adapting the Lead by Example program established pursuant to section 16a-37x of the general statutes, to establish a standardized contract process for the installation of solar photovoltaic systems by state agencies and municipalities and to make resources available to assist municipalities that want to deploy solar photovoltaic systems at publicly owned sites in such municipalities. The commissioner shall report, in accordance with the provisions of section 11-4a of the general statutes, the results of the study, including any recommendations, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology not later than January 1, 2025.

Sec. 11. Section 16-245aa of the general statutes is repealed. (*Effective October 1, 2024*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2024*	12-81(57)
Sec. 2	*October 1, 2024*	New section
Sec. 3	*October 1, 2024*	31-53d(a)
Sec. 4	*from passage*	New section
Sec. 5	*October 1, 2024*	New section
Sec. 6	*July 1, 2024*	New section
Sec. 7	*from passage*	New section
Sec. 8	*October 1, 2024*	16-245n(c)
Sec. 9	*October 1, 2024*	16a-40g(b)
Sec. 10	*from passage*	New section
Sec. 11	*October 1, 2024*	Repealer section

ET *Joint Favorable*

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:

Agency Affected	Fund-Effect	FY 25 $
Department of Energy and Environmental Protection	GF - Cost	300,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 $	FY 26 $
Various Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

This bill makes various changes in laws related to renewable energy facilities, including solar generating facilities, taxation and property tax, labor requirements resulting in the impacts below.

Sections 1 and 2: (1) establish a property tax exemption for certain Class I renewable energy sources, and (2) establish a separate annual capacity tax of $8,000 per megawatt (MW) of nameplate capacity on certain solar facilities.[1] This results in a grand list reduction beginning in FY 26 for any municipalities that have qualifying property.[2] This grand list reduction may be partially offset by a revenue gain from the

[1] In FY 24, certain tax-exempt renewable energy and pollution control equipment resulted in a grand list reduction of approximately $625.1 million to all municipalities cumulatively.

[2] A grand list reduction results in a revenue loss given a constant mill rate, however it is likely that a municipality will adjust its mill rate to offset any predicted revenue loss.

annual capacity tax beginning in FY 25.[3]

The sections also permit municipalities to stabilize or freeze the tax imposed for any system in the municipality. If a municipality chooses either of these options, it will reduce any revenue gain as a result of the annual capacity tax.

Section 3, extends existing wage and workforce requirements to renewable energy project with at least 1 MW of capacity, subjecting them to existing prevailing wage requirements, resulting in a potential cost to the state depending on the number of new projects that would be affected by this change, and the number of projects taken on by the state. Connecticut had a deployment of 46,219 photovoltaic solar projects as of 2022[4] through the Residential Solar Investment Program (RSIP).

Section 5 requires the achievement a deployment rate of 500 MW of new solar each year beginning in FY 25 and deploy solar to 250,000 homes by 2035 resulting in a significant cost. There would be a significant cost to the state to meet an annual increased solar capacity goal of 500 MW.

Section 6 requires municipalities to establish a simplified approval process for building applications for solar canopies and requires municipalities to approve or deny within six months of the application submission. This may result in a potential revenue gain to municipalities beginning in FY 25 to the extent they receive an increased number of applications.

Section 7 requires DEEP to conduct a study on solar canopy throughout the state resulting in a one-time cost to the state of approximately $300,000 in FY 25.

[3] Several municipalities estimate that the $8,000 per megawatt capacity tax will still result in approximately $4,000 in lost revenue per megawatt of nameplate capacity.
[4] PURA 2022 Clean Renewable Energy Report p.6

Ratepayer Impact Statement[5]

This bill sets requirements that DEEP meet the 500 MW of Solar capacity each year could result in a significant ratepayer cost depending on the capacity developed. To meet the goal would require significant investment from energy producers that would be eventually passed on to ratepayers. If the goal were to be met consistently, that would increase capacity and reduce costs for ratepayers.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the amount of impacted property, the state related cost is one time and concludes in FY 25.

[5] The state and municipalities are ratepayers and therefore may be impacted by policy changes that affect electric rates

OLR Bill Analysis

HB 5232

AN ACT CONCERNING SOLAR PROJECTS THROUGHOUT THE STATE.

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§ 2 — SOLAR UNIFORM CAPACITY TAX
Establishes a solar uniform capacity tax of $8,000 per MW of nameplate capacity on solar photovoltaic systems over two MW in size; designates revenue from the tax as municipal revenue, sets an appeal process; allows municipalities to enter agreements to stabilize or freeze the tax

§ 3 — LABOR REQUIREMENTS FOR RENEWABLE ENERGY PROJECTS
Expands wage and workforce requirements for renewable energy projects by lowering, from two to one MW in nameplate capacity, the size criteria for "covered projects"

§ 4 — COMMUNITY SOLAR STUDY
Requires DEEP to study and make recommendations on community solar programs and report to the Energy and Technology Committee by January 1, 2025

§ 5 — SOLAR INSTALLATION GOALS
Sets annual solar installation goals starting January 1, 2025, and a total residential rooftop solar installation goal by January 1, 2035

§§ 6 & 7 — SOLAR CANOPIES

Requires municipalities to establish simplified processes for solar canopy approvals and act on land use applications for them within six months; requires DEEP to develop a solar canopy strategic plan

§§ 8, 9 & 11 — GREEN BANK PROGRAMS

Restricts Green Bank funding used for marketing and advertising; exempts renewable energy system project expansions or upgrades from the bank's standards on project costs and savings; eliminates REEEFA

§ 10 — FEASIBILITY STUDY ON STATE AND MUNICIPAL SOLAR INSTALLATIONS

Requires DEEP to study (1) a standard contract process for solar facility installations by state agencies and municipalities and (2) making resources available for municipal deployment of solar facilities at publicly owned sites

BACKGROUND

SUMMARY

This bill makes various changes in laws related to renewable energy facilities, including solar generating facilities, taxation and property tax, labor requirements, solar canopies, the Green Bank, and agency reporting requirements, as described in the section-by-section analysis below.

EFFECTIVE DATE: Various; see below.

§ 1 — PROPERTY TAX EXEMPTION

Establishes a new property tax exemption for solar generation facilities; limits the new exemption, and an existing exemption, to explicitly exclude the real property where the equipment or devices are located; eliminates certain application requirements for these exemptions

The bill establishes a property tax exemption, beginning with the assessment year starting October 1, 2024, for Class I renewable energy sources that consist of equipment and devices that primarily collect solar energy and generate energy by photovoltaic effect (i.e., solar generation facilities). (The bill also creates a new tax on solar facilities, see § 2.)

The bill limits this exemption by applying it only to equipment and devices with the primary purpose of generating electricity and not to any real property where the equipment or devices are located or installed. The bill explicitly applies this same limitation to an existing property tax exemption for Class I renewable energy sources (1) installed on or after January 1, 2014; (2) for commercial or industrial purposes; and (3) with a nameplate capacity that does not exceed the location's load or, if the facility is participating in virtual net metering, the aggregated load of its beneficial accounts. Starting October 1, 2024, for solar generating facilities, this equipment and these devices are tangible personal property.

Current law requires anyone claiming a property tax exemption to apply to the assessor or board of assessors for the municipality where the facility is located, on an Office of Policy and Management form. The bill eliminates this requirement for owners of Class I solar generating facilities starting October 1, 2024.

EFFECTIVE DATE: October 1, 2024

§ 2 — SOLAR UNIFORM CAPACITY TAX

Establishes a solar uniform capacity tax of $8,000 per MW of nameplate capacity on solar photovoltaic systems over two MW in size; designates revenue from the tax as municipal revenue, sets an appeal process; allows municipalities to enter agreements to stabilize or freeze the tax

Applicability

The bill establishes a separate annual tax for certain solar facilities beginning October 1, 2024. Under the bill, the solar uniform capacity tax applies to owners of solar photovoltaic systems that:

1. have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect;

2. have a nameplate capacity over two megawatts (MW) that also exceeds the load for the system's location; and

3. are approved on or after October 1, 2024, by the Connecticut Siting Council or, if the system is not subject to the council's

approval, the municipal zoning authority.

Tax Amount and Payment

Under the bill, system owners must pay the tax to the finance department, or, if none, the tax collector for the municipality in which the system (or any part of it) is located. For systems with multiple owners, the bill makes owners jointly and severally liable for the tax.

The tax is $8,000 per MW of nameplate capacity. Under the bill, to calculate the nameplate capacity of a system, all equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect are considered part of the same system if they are (1) located on the same parcel, (2) located on land that was part of the same parcel before the current landowner subdivided it into multiple parcels, or (3) located on adjoining parcels. Under the bill, this calculation method does not limit tax liability or the bill's definitions related to the tax.

Under the bill, revenues from the tax are general revenue for the municipality where it is paid. For systems located in more than one municipality, the bill requires the tax to be allocated in proportion to the nameplate capacity of the system located in each municipality.

The bill requires each municipality, through its finance department, or, if none, tax collector, to provide a form for this tax by October 31, 2024. The bill (1) allows each municipal finance department or tax collector to require a single annual payment or semiannual or quarterly payments and (2) makes the tax due on the date specified on the form, as determined by the municipal finance department or tax collector. The bill also establishes a uniform solar capacity tax year, from October 1 to September 30, as an accounting period to calculate the tax.

Under the bill, delinquent payments accrue interest at 1.5% per month or partial month, from the due date until paid.

Appeal Process

The bill allows anyone aggrieved by a municipality's action related

to the tax to appeal to the Superior Court. Under the bill, anyone who appeals the tax is not liable for interest if he or she (1) pays a portion of the tax while the appeal is pending, (2) indicates that the payment is "under protest," and (3) pays at least 75% of the amount assessed by the municipality during the time limits the municipality prescribes for the payment.

Municipal Agreements to Stabilize or Freeze the Tax

The bill authorizes a municipality, through its board of selectmen or other legislative body, to enter into an agreement to freeze or stabilize the tax imposed for any system in the municipality. If the system is located in more than one municipality, the agreement only applies to the portion of the tax allocated to the municipality that enters into the agreement.

EFFECTIVE DATE: October 1, 2024

§ 3 — LABOR REQUIREMENTS FOR RENEWABLE ENERGY PROJECTS

Expands wage and workforce requirements for renewable energy projects by lowering, from two to one MW in nameplate capacity, the size criteria for "covered projects"

The law requires renewable energy project developers to meet certain wage and workforce requirements if their project meets certain criteria ("covered projects"). The bill extends these wage and workforce requirements to any renewable energy project with a nameplate capacity of at least one MW, rather than current law's two-MW threshold.

Among other things, these provisions require project developers to establish a workforce development program, which is a program that gives newly hired and existing employees the opportunity to develop skills that will enable them to qualify for higher paying jobs on covered projects (e.g., apprenticeship programs). Contractors and subcontractors on a covered project must pay each construction employee on the project at least the wages and benefits that the state's prevailing wage law requires for the employee's corresponding job classification on a public works project. Each operations, maintenance,

and security employee employed in a building or facility built in a covered project must be paid at least the prevailing wage or standard wage. Developers must also submit sworn certifications to the labor commissioner from each contractor and subcontractor stating that it meets certain conditions.

EFFECTIVE DATE: October 1, 2024

§ 4 — COMMUNITY SOLAR STUDY

Requires DEEP to study and make recommendations on community solar programs and report to the Energy and Technology Committee by January 1, 2025

The bill requires the Department of Energy and Environmental Protection (DEEP) commissioner to study community solar projects in the state, including a review of existing programs to promote these projects and any recommendations for new programs or initiatives to promote them. The bill requires DEEP to report its findings to the Energy and Technology Committee by January 1, 2025.

Community solar typically refers to projects where multiple customers benefit from energy generated by solar panels not located on their premises. These projects may also qualify as "shared clean energy facilities" under state law (e.g., CGS §§ 16-244x(1) & -244z(a)(2)).

EFFECTIVE DATE: Upon passage

§ 5 — SOLAR INSTALLATION GOALS

Sets annual solar installation goals starting January 1, 2025, and a total residential rooftop solar installation goal by January 1, 2035

The bill requires the state to achieve the following:

1. 500 MW of capacity from new solar facilities per year, starting January 1, 2025, prioritizing residential solar facilities for low-income residents and distressed municipality residents; and

2. solar rooftop installations at 250,000 residences by January 1, 2035.

EFFECTIVE DATE: October 1, 2024

§§ 6 & 7 — SOLAR CANOPIES

Requires municipalities to establish simplified processes for solar canopy approvals and act on land use applications for them within six months; requires DEEP to develop a solar canopy strategic plan

Municipal Approvals

The bill requires municipal planning commissions, zoning commissions, or combined planning and zoning commissions to amend their zoning regulations to establish a simplified approval process for solar canopy applications. The bill requires these commissions to approve or deny land use applications to build solar canopies within six months of their filing dates. The bill applies these requirements regardless of any conflicting municipal charter provision or ordinances.

DEEP Solar Canopy Strategic Plan

The bill requires DEEP to develop and approve a solar canopy strategic plan by July 1, 2025. The plan must:

1. identify opportunities and potential sites for solar canopies in the state (e.g., parking lots);

2. prioritize developing solar canopies in environmental justice communities;

3. examine different ways to promote solar canopies (e.g., at schools, government buildings, and parking lots); and

4. include recommendations for policies, programs, or regulations to promote solar canopy construction in the state, consistent with the state's greenhouse gas reduction goals, the Integrated Resources Plan (IRP), and the Comprehensive Energy Strategy (CES).

By law, an environmental justice community is a (1) U.S. census block group in which at least 30% of the population is non-institutionalized low-income people with income below 200% of the Federal Poverty Level or (2) distressed municipality (CGS § 22a-20a). The IRP is a plan DEEP develops every two years in consultation with electric distribution companies to review and plan for the state's energy needs

(CGS § 16a-3a). The CES is a strategy DEEP prepares every four years to guide the state's energy policy (CGS § 16a-3d).

EFFECTIVE DATE: July 1, 2024, except the strategic plan requirement is effective upon passage.

§§ 8, 9 & 11 — GREEN BANK PROGRAMS

Restricts Green Bank funding used for marketing and advertising; exempts renewable energy system project expansions or upgrades from the bank's standards on project costs and savings; eliminates REEEFA

Spending on Advertising and Marketing (§ 8)

The bill prohibits the Green Bank from using certain funds to offer, advertise, market, or provide financing or development services on commercial projects if private sector companies currently provide services for such a project. The prohibition applies to funds in the Green Bank's Clean Energy Fund when services for these projects are currently provided by a private sector person, partnership, association, company, limited liability company or corporation, except an incorporated municipality. It also applies to funds in the bank's Environmental Infrastructure Fund when services for these projects are currently provided by companies in the private sector. (The bill does not establish a mechanism or threshold for determining whether services are provided by these private sector entities.)

The bill excludes from this prohibition projects developed by the Green Bank's Commercial Property Assessed Clean Energy Program (C-PACE), allowing the Green Bank to offer, advertise, market, or provide services for these projects. Generally, C-PACE finances certain energy improvement projects, and the property owner repays the costs through an assessment on the property, backed by a lien.

By law, the Clean Energy Fund and the Environmental Infrastructure Fund must promote investments in clean energy and environmental infrastructure, respectively, including low-cost financing and credit enhancement mechanisms, reimbursement for the bank's operating expenses, or other actions that support research, development, manufacture, commercialization, deployment, and installation, among

other things. The Clean Energy Fund receives deposits from a one mill per kilowatt hour charge on electric ratepayers (CGS § 16-245n(b)). The Environmental Infrastructure Fund does not receive ratepayer funds (CGS § 16-245n(2)(A)).

C-PACE for Project Expansions and Upgrades (§ 9)

As described above, the Green Bank's C-PACE program finances certain energy improvement projects, repaid through an assessment on the property, backed by a lien. Current law requires the Green Bank to adopt standards for C-PACE to determine whether the project's combined projected energy costs savings and other associated savings over its useful life exceed its costs, but exempts certain types of projects from these standards (e.g., zero-emission vehicle refueling infrastructure and resilience improvement projects). The bill additionally exempts projects from these standards that are expansions or upgrades to an existing renewable energy system.

Renewable Energy and Efficient Energy Finance Account (REEEFA) (§ 11)

The bill eliminates REEEFA, which, under current law, is a separate, nonlapsing account within the Green Bank's Clean Energy Fund. The bill also eliminates a requirement that the Green Bank establish a renewable energy and efficiency energy finance program, supported by the account. In practice, authorization for bond funding for this account was cancelled in 2016 (PA 16-4, May Special Session, § 324).

EFFECTIVE DATE: October 1, 2024

§ 10 — FEASIBILITY STUDY ON STATE AND MUNICIPAL SOLAR INSTALLATIONS

Requires DEEP to study (1) a standard contract process for solar facility installations by state agencies and municipalities and (2) making resources available for municipal deployment of solar facilities at publicly owned sites

The bill requires DEEP to study the feasibility of adapting the Lead by Example Program to (1) set a standard contract process for solar facility installations by state agencies and municipalities and (2) make resources available to help municipalities that want to deploy solar

facilities at publicly owned sites. The bill requires DEEP to consult with the Department of Administrative Services for the feasibility study, which the DEEP commissioner must submit to the Energy and Technology Committee by January 1, 2025, including any recommendations.

Existing law requires the DEEP commissioner to (1) implement plans and goals for reducing state energy consumptions and specific objectives for state agencies, (2) coordinate federal and state conservation resources and activities, and (3) monitor state agency energy use and costs on a monthly basis (CGS § 16a-37u). In practice, these efforts are conducted under the Lead by Example Program.

BACKGROUND

Related Bill

sHB 5361, favorably reported by the Energy and Technology Committee, excludes solar canopies from the Siting Council's jurisdiction.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable
Yea 14 Nay 6 (03/21/2024)