
OLR Bill Analysis

HB 5232

AN ACT CONCERNING SOLAR PROJECTS THROUGHOUT THE STATE.

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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)