



House of Representatives

General Assembly

File No. 69

January Session, 2021

Substitute House Bill No. 6106

House of Representatives, March 17, 2021

The Committee on Planning and Development reported through REP. MCCARTHY VAHEY, C. of the 133rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR CERTAIN RENEWABLE ENERGY SOURCES AND NONRESIDENTIAL HYDROPOWER FACILITIES.

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

1 Section 1. Subdivision (57) of section 12-81 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2021, and applicable to assessment years commencing on or after October 1,*
4 *2021*):

5 (57) (A) (i) Any Class I renewable energy source, as defined in section
6 16-1, or hydropower facility described in subdivision (21) of subsection
7 (a) of section 16-1, installed for the generation of electricity where such
8 electricity is intended for private residential use or on a farm, as defined
9 in subsection (q) of section 1-1, provided (I) such installation occurs on
10 or after October 1, 2007, [and further provided] (II) the estimated annual
11 production of such source or facility does not exceed the estimated
12 annual load for the location where such source or facility is located,

13 where such load and production are estimated as of the date of
14 installation of the source or facility as indicated in the written
15 application filed pursuant to subparagraph (F) of this subdivision, and
16 (III) such installation is for a single family dwelling, a multifamily
17 dwelling consisting of two to four units or a farm; [] (ii) any passive or
18 active solar water or space heating system; [] or (iii) any geothermal
19 energy resource. In the case of clause (i) of this subparagraph, the
20 utilization of or participation in any net metering or tariff policy or
21 program implemented by the state or ownership of such source or
22 facility by a party other than the owner of the real property upon which
23 such source or facility is installed shall not disqualify such source or
24 facility from exemption pursuant to this section. In the case of clause (ii)
25 or (iii) of this subparagraph, such exemption shall apply only to the
26 amount by which the assessed valuation of the real property equipped
27 with such system or resource exceeds the assessed valuation of such real
28 property equipped with the conventional portion of the system or
29 resource;

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

42 (C) For assessment years commencing on and after October 1, 2013,
43 any municipality may, upon approval by its legislative body or in any
44 town in which the legislative body is a town meeting, by the board of
45 selectmen, abate up to one hundred per cent of property tax for any
46 Class I renewable energy source, as defined in section 16-1, hydropower

47 facility described in subdivision (21) of subsection (a) of section 16-1, or
48 solar thermal or geothermal renewable energy source, installed for
49 generation or displacement of energy, provided (i) such installation
50 occurs between January 1, 2010, and December 31, 2013, (ii) such
51 installation is for commercial or industrial purposes, (iii) the nameplate
52 capacity of such source or facility does not exceed the load for the
53 location where such generation or displacement is located, and (iv) such
54 source or facility is not located in a municipality described in
55 subparagraph (B) of this subdivision;

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

71 (E) For assessment years commencing on and after October 1, 2021,
72 any (i) Class I renewable energy source, as defined in section 16-1, (ii)
73 hydropower facility described in subdivision (21) of subsection (a) of
74 section 16-1, or (iii) solar thermal or geothermal renewable energy
75 source, installed for generation or displacement of energy, provided (I)
76 such installation occurred on or after January 1, 2014, (II) such
77 installation is for nonresidential purposes, (III) the estimated annual
78 production of such source or facility does not exceed the estimated
79 annual load for the location where such generation or displacement is
80 located or the aggregated load of the beneficial accounts for any Class I

81 renewable energy source participating in virtual net metering pursuant
82 to section 16-244u, where such load and production are estimated as of
83 the date of installation of the source or facility as indicated in the written
84 application filed pursuant to subparagraph (F) of this subdivision, and
85 (IV) in the case of clause (iii) of this subparagraph, such exemption shall
86 apply only to the amount by which the assessed valuation of the real
87 property equipped with such source exceeds the assessed valuation of
88 such real property equipped with the conventional portion of the
89 source;

90 [(E)] (E) Any person claiming the exemption provided in this
91 subdivision for any assessment year shall, on or before the first day of
92 November in such assessment year, file with the assessor or board of
93 assessors in the town in which such hydropower facility, Class I
94 renewable energy source, solar thermal or geothermal renewable
95 energy source or passive or active solar water or space heating system
96 or geothermal energy resource is located, a written application claiming
97 such exemption. Such application shall be made on a form prepared for
98 such purpose by the Secretary of the Office of Policy and Management,
99 and shall include, but not be limited to, a statement of the estimated
100 annual load and production of a source or facility described in clause (i)
101 of subparagraphs (A) and (E) of this subdivision as of the date of the
102 installation of such source or facility. Said secretary shall make such
103 application available to the public on the Internet web site of the Office
104 of Policy and Management. Failure to file such application in the
105 manner and form as provided by [such assessor or board] the secretary
106 within the time limit prescribed shall constitute a waiver of the right to
107 such exemption for such assessment year. Such application shall not be
108 required for any assessment year following that for which the initial
109 application is filed, provided if such hydropower facility, Class I
110 renewable energy source, solar thermal or geothermal renewable
111 energy source or passive or active solar water or space heating system
112 or geothermal energy resource is altered in a manner which would
113 require a building permit, such alteration shall be deemed a waiver of
114 the right to such exemption until a new application, applicable with
115 respect to such altered source, is filed and the right to such exemption is

116 established as required initially. In the event that a person owns more
117 than one such source or facility in a municipality, such person may file
118 a single application identifying each source or facility;

119 [(F)] (G) For assessment years commencing on and after October 1,
120 2015, any municipality may, by vote of its legislative body or, in a
121 municipality where the legislative body is a town meeting, by vote of
122 the board of selectmen, abate up to one hundred per cent of the property
123 taxes due for any tax year, for not longer than the term of the power
124 purchase agreement, with respect to any Class I renewable energy
125 source, as defined in section 16-1, that is the subject of such power
126 purchase agreement approved by the Public Utilities Regulatory
127 Authority pursuant to section 16a-3f;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2021, and applicable to assessment years commencing on or after October 1, 2021</i>	12-81(57)

Statement of Legislative Commissioners:

Changes initially made in Subpara. (D) were incorporated into new Subpara. (E) to clarify applicability of changes to exemption.

PD Joint Favorable Subst. -LCO

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: None

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	Grand List Reduction	See Below	See Below

Explanation

The bill clarifies that certain Class I renewable energy sources that participate in net metering or are leased are exempt from the property tax. To the extent a municipality is currently taxing sources that are exempt under current law, there is a grand list reduction equal to the value of the exempt property.

The Out Years

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

OLR Bill Analysis

sHB 6106

AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR CERTAIN RENEWABLE ENERGY SOURCES AND NONRESIDENTIAL HYDROPOWER FACILITIES.

SUMMARY

This bill expands the availability of the property tax exemption for certain renewable energy facilities.

For renewable energy facilities installed for commercial and industrial uses, the bill (1) extends the tax exemption to facilities installed for all nonresidential purposes and (2) increases the size or number of facilities eligible to be installed at each location.

For renewable energy facilities on farms or for private residential use, the bill prohibits the disqualification of a facility from the exemption because it (1) uses or participates in net metering, a tariff policy, or another state program or (2) is owned by someone other than the property owner (e.g., leased solar panels). It also limits the size or number of installed facilities that are eligible for this exemption to those whose estimated annual production does not exceed the estimated annual load where the facility is located.

To claim either exemption, existing law requires taxpayers to file an application with the assessor or board of assessors. The bill requires the application form to include a statement of the facility's estimated annual load (presumably, the load of the property where the facility is located) and production as of its installation date.

The bill also allows someone owning multiple facilities in the same municipality to file a single application identifying each one. Under current law, the assessors provide the application form. The bill instead requires the Office of Policy and Management (OPM) secretary to

prepare the form and make it publicly available on the OPM website.

EFFECTIVE DATE: October 1, 2021, and applicable to assessment years on or after that date.

FACILITIES FOR NONRESIDENTIAL PURPOSES

Current law generally exempts from property tax the following facilities installed on or after January 1, 2014, for commercial or industrial purposes: (1) Class I renewable energy sources (e.g., wind and solar) and (2) solar thermal or geothermal renewable energy sources. The bill broadens the exemption by applying it to facilities installed for nonresidential purposes, rather than just commercial or industrial purposes.

Current law provides this exemption only for facilities with a nameplate capacity less than or equal to their location's load. Nameplate capacity is generally the maximum potential output of the energy source under ideal conditions. The bill instead makes these renewable energy sources eligible for the exemption if their estimated annual production does not exceed the estimated annual load for the location where they are installed. Because annual production estimates would presumably account for performance under actual conditions rather than ideal conditions, the bill effectively expands the number or size of facilities eligible for the tax exemption (i.e., more or larger facilities could be installed without exceeding the location's estimated annual load because estimated annual production would be lower than nameplate capacity).

FACILITIES ON RESIDENTIAL PROPERTY AND FARMS

Current law exempts from property tax Class I renewable energy sources (e.g., wind and solar) installed on or after October 1, 2007, for private residential use or for use on a farm. The bill prohibits these facilities from being disqualified from the exemption because they (1) participate in net metering, tariff policies, or other state programs or (2) are owned by a party other than the owner of the property where the facility is installed (e.g., leased solar panels). In practice, the application

of current law to leased facilities varies across municipalities.

Current law does not cap or limit the size or number of installed facilities eligible for this tax exemption. The bill limits the exemption to those facilities whose estimated annual production does not exceed the estimated annual load where the facility is located.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 26 Nay 0 (03/02/2021)