

Planning and Development Committee JOINT FAVORABLE REPORT

Bill No.: HB-6106

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

Title: FACILITIES.

Vote Date: 3/2/2021

Vote Action: Joint Favorable

PH Date: 2/3/2021

File No.: 69

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SPONSORS OF BILL:

Rep. Joseph P. Gresko, 121st Dist.

Rep. David Michel, 146th Dist.

REASONS FOR BILL:

Current C.G.S. § 12-81(57)(A) allegedly had the original intention to exempt solar systems from property taxes even when they fed electricity back to the provider. However, some municipalities have taxed residential solar systems, so the bill aims to clarify existing language to more clearly enforce the property tax exemption.

RESPONSE FROM ADMINISTRATION/AGENCY:

N/A

NATURE AND SOURCES OF SUPPORT:

David Giordano, Government Relations & Business Development- Doosan Fuel Cell America, Inc: Voiced support for the bill. Doosan fuel cells have been critical in reducing greenhouse gas emissions, and have proven reliable when there are electrical outages. However, it is claimed, "our project developers believe that clearer language is called for to eliminate any ambiguity in the current statute as it relates to non-residential applications. For example, we have experienced problems with projects at hospitals and universities due to the way the statute is being interpreted locally."

Arthur Helmus, Executive Committee- Sierra Club Connecticut Chapter: Only in favor of the intent to increase sustainability. Testimony recommends that the bill should allow property

owners to exceed their previous annual power load by an extra 20%, as the power needs of the property will become more electrified in the future. Currently, the bill would not allow newly electrified properties to exceed their previous load. "HB 6106 should be designed to account for the electricity use of the future, not be bound by the electricity use of the past."

Meghan Nutting, Executive Vice President of Policy and Communications at Sunnova Energy Corp: Voiced support. The tax exemptions in Connecticut General Statutes § 12-81(57) make Power Purchase Agreements (PPAs), and thus Sunnova's products economically attractive and feasible. However, some local tax assessors have allegedly disregarded the tax exemptions provided by C.G.S. § 12-81(57)(A) for PV systems (solar panels) associated with Sunnova. The assessors claim the PV systems should be taxed because excess energy gives the property owners tax credits, and the PV systems are "business property" owned by Sunnova. Testimony claims current law did not aim to offset net-metering credits with denying property tax exemptions. Sunnova believes HB 6106 clarifies current law exempting Sunnova products from certain taxes.

Kyle Wallace, Senior Manager of Public Policy at Sunrun, Inc: Voiced support. " H.B. 6106 adds clarifying language to the existing exemptions in C.G.S. §§ 12-81(57)(A) and (D) that should resolve any perceived ambiguity regarding the legislature's intent to exempt residential solar systems from being subject to property tax." The testimony explains how arguments to tax the solar systems are not valid, because any electricity ultimately goes to the public. Testimony states 75% of residential solar systems utilize third-party ownership, making the sustainable energy affordable. A 2019 letter from then-Senate Majority Leader Bob Duff is attached, explaining that C.G.S. § 12-81(57)(A) intended for behind-the-meter solar power to be exempt from property tax.

Laura Hoydick, Mayor of Town of Stratford: Voiced support that the bill would further clarify property tax exemptions in existing statute.

NATURE AND SOURCES OF OPPOSITION:

Betsy Gara, Executive Director of Connecticut Council of Small Towns: Voiced opposition. COST is concerned that new property tax exemptions will damage town's abilities to provide services, especially with the impact of Covid-19. COST acknowledges ambiguities in existing statute, however, those denied a property tax exemption should not be reimbursed for paid property taxes on solar systems.

Reported by: Colin Savino

Date: 3/15/2021