



Senate

General Assembly

File No. 423

January Session, 2023

Senate Bill No. 519

Senate, April 4, 2023

The Committee on Planning and Development reported through SEN. RAHMAN of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR SOLAR PROJECTS AND THE TAX CALCULATION OF SOLAR PROJECTS ON ONE PARCEL OF LAND.

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2 repealed and the following is substituted in lieu thereof (*Effective October*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, 2023, and applicable to assessment years commencing on or after October 1,*
4 *2023*):

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, except for
8 solar power installations with a nameplate capacity of not less than one-
9 half megawatt or not greater than seven megawatts, where such
10 electricity is intended for private residential use or on a farm, as defined
11 in subsection (q) of section 1-1, provided (I) such installation occurs on
12 or after October 1, 2007, (II) the estimated annual production of such
13 source or facility does not exceed the estimated annual load for the

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

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

46 (C) For assessment years commencing on and after October 1, 2013,
47 any municipality may, upon approval by its legislative body or in any

48 town in which the legislative body is a town meeting, by the board of
49 selectmen, abate up to one hundred per cent of property tax for any
50 Class I renewable energy source, as defined in section 16-1, hydropower
51 facility described in subdivision (21) of subsection (a) of section 16-1, or
52 solar thermal or geothermal renewable energy source, installed for
53 generation or displacement of energy, provided (i) such installation
54 occurs between January 1, 2010, and December 31, 2013, (ii) such
55 installation is for commercial or industrial purposes, (iii) the nameplate
56 capacity of such source or facility does not exceed the load for the
57 location where such generation or displacement is located, and (iv) such
58 source or facility is not located in a municipality described in
59 subparagraph (B) of this subdivision;

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

75 (E) Any person claiming the exemption provided in this subdivision
76 for any assessment year shall, on or before the first day of November in
77 such assessment year, file with the assessor or board of assessors in the
78 town in which such hydropower facility, Class I renewable energy
79 source, solar thermal or geothermal renewable energy source or passive
80 or active solar water or space heating system or geothermal energy
81 resource is located, a written application claiming such exemption. Such

82 application shall be made on a form prepared for such purpose by the
83 Secretary of the Office of Policy and Management, in consultation with
84 the Connecticut Association of Assessing Officers and the Connecticut
85 Green Bank established pursuant to section 16-245n, and shall include,
86 but not be limited to, a statement of the estimated annual load and
87 production of a source or facility described in clause (i) of subparagraph
88 (A) of this subdivision as of the date of the installation of such source or
89 facility. Said secretary shall make such application available to the
90 public on the Internet web site of the Office of Policy and Management.
91 Failure to file such application in the manner and form as provided by
92 the secretary within the time limit prescribed shall constitute a waiver
93 of the right to such exemption for such assessment year. Such
94 application shall not be required for any assessment year following that
95 for which the initial application is filed, provided if such hydropower
96 facility, Class I renewable energy source, solar thermal or geothermal
97 renewable energy source or passive or active solar water or space
98 heating system or geothermal energy resource is altered in a manner
99 which would require a building permit, such alteration shall be deemed
100 a waiver of the right to such exemption until a new application,
101 applicable with respect to such altered source, is filed and the right to
102 such exemption is established as required initially. In the event that a
103 person owns more than one such source or facility in a municipality,
104 such person may file a single application identifying each source or
105 facility;

106 (F) For assessment years commencing on and after October 1, 2015,
107 any municipality may, by vote of its legislative body or, in a
108 municipality where the legislative body is a town meeting, by vote of
109 the board of selectmen, abate up to one hundred per cent of the property
110 taxes due for any tax year, for not longer than the term of the power
111 purchase agreement, with respect to any Class I renewable energy
112 source, as defined in section 16-1, that is the subject of such power
113 purchase agreement approved by the Public Utilities Regulatory
114 Authority pursuant to section 16a-3f;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-81(57)

PD *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: None

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
Various Municipalities	STATE MANDATE ¹ - Grand List Increase	None	See Below

Explanation

The bill makes certain solar installations ineligible for the residential and farm use renewable energy property tax exemption beginning October 1, 2023. This results in a grand list increase beginning in FY 25 for municipalities with properties that are no longer eligible for these property tax exemptions. A grand list increase results in a revenue gain, given a constant mill rate.

The Out Years

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

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.

OLR Bill Analysis**SB 519*****AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR SOLAR PROJECTS AND THE TAX CALCULATION OF SOLAR PROJECTS ON ONE PARCEL OF LAND.*****SUMMARY**

This bill makes solar installations ineligible for the residential- and farm-use renewable energy property tax exemption if their nameplate capacity is between 0.5 and 7 megawatts.

Current law exempts from property tax Class I renewable energy sources (including solar) installed on or after October 1, 2007, for private residential use or on a farm if the source's estimated annual production does not exceed the estimated annual load where the sources (i.e., the solar installations) are located. (Nameplate capacity is generally the maximum potential output of the energy source under ideal conditions.)

By law, taxpayers claiming the exemption must file a statement with the municipality's assessor or board of assessors that includes the facility's annual load or production. The bill requires that taxpayers filing for this exemption list the total nameplate capacity of all solar installations located on the same property parcel, rather than listing each installation's capacity separately. In doing so, the bill appears to apply the exemption's capacity limit (i.e., the estimated annual load of the parcel) to the installations' aggregate nameplate capacity.

EFFECTIVE DATE: October 1, 2023, and applicable to assessment years starting on or after that date.

BACKGROUND

Related Bill

sHB 6764, favorably reported by the Energy and Technology Committee, creates a separate property tax exemption for facilities larger than 25 kilowatts in capacity and establishes a “solar uniform capacity tax” for facility owners.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 21 Nay 0 (03/20/2023)