

Planning and Development Committee JOINT FAVORABLE REPORT

Bill No.: SB-519

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

Title: PARCEL OF LAND.

Vote Date: 3/20/2023

Vote Action: Joint Favorable

PH Date: 3/3/2023

File No.:

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SPONSORS OF BILL:

Planning and Development Committee

REASONS FOR BILL:

This bill removes the property tax exemption for all solar projects larger than ½ megawatt and smaller than 7 megawatts and it requires all solar projects on the same parcel of land to be considered one project when determining eligibility for the exemption. The goal is to prevent solar developers from circumventing taxation.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

[Connecticut Conference of Municipalities \(CCM\), Chief Strategy Officer Donna Hamzy Carroccia:](#)

The changes this bill brings will provide more equity across municipal boundaries by, (1) ensuring that the host municipality of such solar project is compensated for use of viable land within its borders for solar projects that, for the most part, virtually net meter the energy generated to other parts of the state, leaving the host municipality with no real benefit, and (2) eliminate a loop hole – which has resulted in solar developers breaking up one solar project on the same parcel into smaller projects under 5 megawatts to circumvent taxation.

[Connecticut Council of Small Towns \(COST\), Executive Director Betsy Gara:](#)

Given the ongoing pressure on municipalities to control property tax levels, municipalities need to be able to rely on predictable revenues, including property tax revenues, to fund the delivery of critical programs and services, including education, public health, and public safety. Allowing certain solar developers to avoid paying property taxes based on a loophole in the law is unfair because it shifts a greater tax burden to already overburdened residents and businesses.

Town of East Windsor, First Selectman Jason E. Bowsza:

By categorizing more than one project per parcel, commercial solar developers could conceivably circumvent that law. Both S.B. 506 and S.B. 519 would address that issue. I would recommend removing the seven (7) megawatt cap included in S.B. 519. There is no obvious reason to remove tax exemptions on projects between one (1) and seven (7) megawatts, and not remove the exemptions entirely. These projects are highly lucrative, and any tax exemption unduly burdens municipalities that have no control over the siting of these commercial developments.

CT Solar & Storage Association (CONNSSA), Board Secretary Noel Lafayette: Mixed support

As is with S.B. 506, CONNSSA supports any state legislative initiative to block efforts by developers of any kind to sidestep their legal tax obligations. We are though not familiar with reason(s) behind the call to remove property tax exemptions for solar projects and therefore OPPOSE this section of the bill.

Connecticut Society of Certified Public Accountants, Executive Director & CEO Bonnie Stewart, Executive Director & CEO: In favor of adding substitute language

A standardized form will provide taxpayers with clear and consistent guidelines for submitting their property tax information. This will reduce confusion and help taxpayers to file their taxes accurately and on time. It will also help reduce the workload for local officials responsible for processing the filings, as they will have a clear and consistent framework for evaluating property valuations and assessments.

Connecticut General Assembly, Senator Cathy Osten, 19th District :

In several towns in Eastern CT projects were found after approval to use this loophole to pay no taxes on these properties. In addition, through net metering the Town receives no benefit of the energy produced. Therefore, the towns receive no benefits for siting these projects within their borders.

NATURE AND SOURCES OF OPPOSITION:

Loadstar Energy, LLC., Managing Partner Jeffrey Macel : Opposes this bill as written

In response, in its 2022 Session, the General Assembly tasked the Office of Policy and Management with the creation of a task force consisting of local and industry representatives

to develop recommendations on how the legislature might best resolve this issue to everyone's benefit. Lodestar was an active participant in that working group, and while specific recommendations were not officially adopted by the group, there was a consensus around the creation of a Uniform Capacity Tax ("UCT") that could be applied to all commercial solar projects over 50 kW. Under this design, a UCT of \$5 per kW would be applied prospectively to all commercial solar installations as described in the bill and paid directly to the host municipality as a payment-in-lieu-of-taxes for the value of the personal property associated with the installation. The town, in turn, could also impose a real estate property tax based on any incremental increase in the value of the real estate created by the presence of the solar installation. For your information, we believe that the Energy and Technology Committee will adopt this language in its JFS of H.B. 6764. If the Planning and Development Committee ultimately drafts a bill of its own, Lodestar recommends that the committee adopt this version of a UCT as well.

Reported by: Robert Mayne

Date: March 23, 2023