



House of Representatives

General Assembly

File No. 890

January Session, 2025

Substitute House Bill No. 7266

House of Representatives, May 12, 2025

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING A UNIFORM SOLAR CAPACITY TAX.

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

- 1 Section 1. (NEW) (*Effective July 1, 2025*) (a) As used in this section:
- 2 (1) "Solar photovoltaic system" means equipment and devices that
3 (A) have the primary purpose of collecting solar energy and generating
4 electricity by photovoltaic effect, (B) have a nameplate capacity greater
5 than two megawatts of electricity, (C) are approved on or after July 1,
6 2026, by the Connecticut Siting Council or, if such equipment and
7 devices are not subject to approval by the Connecticut Siting Council,
8 by the zoning commission or other final zoning authority of each
9 municipality in which such equipment and devices are located, and (D)
10 the nameplate capacity of such equipment and devices exceeds the load
11 for the location where such generation is located;
- 12 (2) "Municipality" means any town, city, consolidated town and city
13 or consolidated town and borough; and

14 (3) "Uniform solar capacity tax year" means the annual accounting
15 period used to calculate the tax under this section, consisting of a
16 twelve-month period commencing on July first and ending the
17 following June thirtieth.

18 (b) Except as provided in subsection (h) of this section, for uniform
19 solar capacity tax years commencing on and after July 1, 2026, each
20 person that owns a solar photovoltaic system in the state for generation
21 or displacement of energy shall pay an annual tax for a period of twenty
22 solar capacity tax years to the department of finance of each
23 municipality in which the system or any part thereof is located, or, if the
24 municipality does not have a department of finance, to the tax collector
25 for such municipality. For any solar photovoltaic system approved in
26 the uniform solar capacity tax year commencing July 1, 2026, the tax
27 shall be, for the duration of the twenty-year period such tax is imposed,
28 the product of eleven thousand dollars multiplied by the number of
29 megawatts, and any fractional portion thereof, of nameplate capacity for
30 each such system. The dollar amount specified under this subsection
31 shall be increased by two per cent each uniform solar capacity tax year
32 commencing on and after July 1, 2027, and the applicable adjusted dollar
33 amount shall apply, for the duration of the twenty-year period such tax
34 is imposed, to solar photovoltaic systems approved in the
35 corresponding uniform solar capacity tax year. If a solar photovoltaic
36 system has multiple owners, each owner shall be jointly and severally
37 liable for the tax owed pursuant to this section.

38 (c) The Office of Policy and Management shall develop a form to be
39 submitted with the tax due under this section. Not later than July 31,
40 2025, the department of finance in each municipality, or, for any
41 municipality that does not have a department of finance, the tax
42 collector of such municipality, shall furnish such form upon request.
43 The tax imposed under this section shall be due and payable on the due
44 date or due dates of such return, as determined by the department of
45 finance or tax collector, as applicable. The department of finance or tax
46 collector, as applicable, may require a single annual payment of the tax
47 imposed under this section or may require semiannual or quarterly

48 installments of such payment. Such tax shall be due and collectible as
49 other property taxes and subject to the same liens and processes of
50 collection.

51 (d) The revenues generated by the tax imposed under this section
52 shall become part of the general revenue of the municipality in which
53 the tax is paid.

54 (e) If a solar photovoltaic system is located in more than one
55 municipality, the tax shall be allocated between or among the
56 municipalities in proportion to the nameplate capacity of the solar
57 photovoltaic system located in each municipality.

58 (f) Whenever the tax imposed under this section is not paid when due
59 to the department of finance or tax collector, as applicable, in a
60 municipality, interest at the rate of one and one-half per cent per month
61 or fraction thereof shall accrue on such tax from the due date of such tax
62 until the date of payment.

63 (g) Any person claiming to be aggrieved by the action of a
64 department of finance or tax collector under this section may appeal the
65 tax to the superior court for the judicial district in which the
66 municipality is located. Any person appealing the tax that pays a
67 portion of such tax during the pendency of such appeal and indicates
68 that such portion is paid "under protest" shall not be liable for any
69 interest on the tax, provided such person pays not less than seventy-five
70 per cent of the amount of the tax assessed by the municipality during
71 the time limits prescribed by the department of finance or tax collector,
72 as applicable, in such municipality in accordance with this section.

73 (h) (1) Any municipality acting through its board of selectmen, town
74 council, court of common council or other legislative body shall have
75 the power to enter into an agreement to freeze or stabilize the tax
76 imposed under this section for any owner of a solar photovoltaic system
77 located in such municipality, as provided in this subsection.

78 (2) With respect to any photovoltaic system located in more than one

79 municipality, such agreement shall only pertain to the tax that is
80 allocated, in accordance with the provisions of subsection (e) of this
81 section, to the municipality that enters into such agreement.

82 (i) For purposes of calculating the nameplate capacity of a solar
83 photovoltaic system, the following shall be deemed to be part of the
84 same solar photovoltaic system: (1) All equipment and devices that have
85 the primary purpose of collecting solar energy and generating electricity
86 by photovoltaic effect that are located on the same parcel; (2) all
87 equipment and devices that have the primary purpose of collecting solar
88 energy and generating electricity by photovoltaic effect that are located
89 on land that the current owner of any part of such land subdivided into
90 multiple parcels but was part of the same parcel prior to such
91 subdivision; and (3) all equipment and devices that have the primary
92 purpose of collecting solar energy and generating electricity by
93 photovoltaic effect that are located on adjoining parcels. Nothing in this
94 subsection shall be construed to limit tax liability or the definitions in
95 subsection (a) of this section.

96 Sec. 2. Subdivision (57) of section 12-81 of the general statutes is
97 repealed and the following is substituted in lieu thereof (*Effective October*
98 *1, 2025*):

99 (57) (A) (i) Any Class I renewable energy source, as defined in section
100 16-1, or hydropower facility described in subdivision (21) of subsection
101 (a) of section 16-1, installed for the generation of electricity where such
102 electricity is intended for private residential use or on a farm, as defined
103 in subsection (q) of section 1-1, provided (I) such installation occurs on
104 or after October 1, 2007, (II) the estimated annual production of such
105 source or facility does not exceed the estimated annual load for the
106 location where such source or facility is located, where such load and
107 production are estimated as of the date of installation of the source or
108 facility as indicated in the written application filed pursuant to
109 subparagraph [(E)] (G) of this subdivision, and (III) such installation is
110 for a single family dwelling, a multifamily dwelling consisting of two to
111 four units or a farm; (ii) any passive or active solar water or space

112 heating system; or (iii) any geothermal energy resource. In the case of
113 clause (i) of this subparagraph, the utilization of or participation in any
114 net metering or tariff policy or program implemented by the state or
115 ownership of such source or facility by a party other than the owner of
116 the real property upon which such source or facility is installed shall not
117 disqualify such source or facility from exemption pursuant to this
118 section. In the case of clause (ii) or (iii) of this subparagraph, such
119 exemption shall apply only to the amount by which the assessed
120 valuation of the real property equipped with such system or resource
121 exceeds the assessed valuation of such real property equipped with the
122 conventional portion of the system or resource;

123 (B) For assessment years commencing on and after October 1, 2013,
124 any Class I renewable energy source, as defined in section 16-1,
125 hydropower facility described in subdivision (21) of subsection (a) of
126 section 16-1, or solar thermal or geothermal renewable energy source,
127 installed for generation or displacement of energy, provided (i) such
128 installation occurs on or after January 1, 2010, (ii) such installation is for
129 commercial or industrial purposes, (iii) the nameplate capacity of such
130 source or facility does not exceed the load for the location where such
131 generation or displacement is located, and (iv) such source or facility is
132 located in a distressed municipality, as defined in section 32-9p, with a
133 population between one hundred twenty-five thousand and one
134 hundred thirty-five thousand;

135 (C) For assessment years commencing on and after October 1, 2013,
136 any municipality may, upon approval by its legislative body or in any
137 town in which the legislative body is a town meeting, by the board of
138 selectmen, abate up to one hundred per cent of property tax for any
139 Class I renewable energy source, as defined in section 16-1, hydropower
140 facility described in subdivision (21) of subsection (a) of section 16-1, or
141 solar thermal or geothermal renewable energy source, installed for
142 generation or displacement of energy, provided (i) such installation
143 occurs between January 1, 2010, and December 31, 2013, (ii) such
144 installation is for commercial or industrial purposes, (iii) the nameplate
145 capacity of such source or facility does not exceed the load for the

146 location where such generation or displacement is located, and (iv) such
147 source or facility is not located in a municipality described in
148 subparagraph (B) of this subdivision;

149 (D) [For] Subject to the provisions of subparagraph (E) of this
150 subdivision, for assessment years commencing on and after October 1,
151 2014, any (i) Class I renewable energy source, as defined in section 16-1,
152 other than a nuclear power generating facility, (ii) hydropower facility
153 described in subdivision (21) of subsection (a) of section 16-1, or (iii)
154 solar thermal or geothermal renewable energy source, installed for
155 generation or displacement of energy, provided (I) such installation
156 occurs on or after January 1, 2014, (II) is for commercial or industrial
157 purposes, (III) the nameplate capacity of such source or facility does not
158 exceed the load for the location where such generation or displacement
159 is located or the aggregated load of the beneficial accounts for any Class
160 I renewable energy source participating in virtual net metering
161 pursuant to section 16-244u, and (IV) in the case of clause (iii) of this
162 subparagraph, such exemption shall apply only to the amount by which
163 the assessed valuation of the real property equipped with such source
164 exceeds the assessed valuation of such real property equipped with the
165 conventional portion of the source;

166 (E) For assessment years commencing on and after October 1, 2025,
167 the exemption provided for under subparagraph (D)(i) of this
168 subdivision shall apply only to equipment and devices that have the
169 primary purpose of generating electricity and shall not apply to any real
170 property on which such equipment and devices are located or installed;

171 (F) For assessment years commencing on and after October 1, 2025,
172 any Class I renewable energy source consisting of equipment and
173 devices that have the primary purpose of collecting solar energy and
174 generating electricity by photovoltaic effect. The exemption under this
175 subparagraph shall apply only to equipment and devices that have the
176 primary purpose of generating electricity and shall not apply to any real
177 property on which such equipment and devices are located or installed;

178 [(E)] (G) Any person claiming [the] an exemption provided in this

179 subdivision for any assessment year shall, on or before the first day of
180 November in such assessment year, file with the assessor or board of
181 assessors in the town in which such hydropower facility, Class I
182 renewable energy source, solar thermal or geothermal renewable
183 energy source or passive or active solar water or space heating system
184 or geothermal energy resource is located, a written application claiming
185 such exemption. Such application shall be made on a form prepared for
186 such purpose by the Secretary of the Office of Policy and Management,
187 in consultation with the Connecticut Association of Assessing Officers
188 and the Connecticut Green Bank established pursuant to section 16-
189 245n, and shall include, but not be limited to, a statement of the
190 estimated annual load and production of a source or facility described
191 in clause (i) of subparagraph (A) of this subdivision as of the date of the
192 installation of such source or facility. Said secretary shall make such
193 application available to the public on the Internet web site of the Office
194 of Policy and Management. Failure to file such application in the
195 manner and form as provided by the secretary within the time limit
196 prescribed shall constitute a waiver of the right to such exemption for
197 such assessment year. Such application shall not be required for any
198 assessment year following that for which the initial application is filed,
199 provided if such hydropower facility, Class I renewable energy source,
200 solar thermal or geothermal renewable energy source or passive or
201 active solar water or space heating system or geothermal energy
202 resource is altered in a manner [which] that would require a building
203 permit, such alteration shall be deemed a waiver of the right to such
204 exemption until a new application, applicable with respect to such
205 altered source, is filed and the right to such exemption is established as
206 required initially. [In the event that] If a person owns more than one
207 such source or facility in a municipality, such person may file a single
208 application identifying each source or facility;

209 [(F)] (H) For assessment years commencing on and after October 1,
210 2015, any municipality may, by vote of its legislative body or, in a
211 municipality where the legislative body is a town meeting, by vote of
212 the board of selectmen, abate up to one hundred per cent of the property
213 taxes due for any tax year, for not longer than the term of the power

214 purchase agreement, with respect to any Class I renewable energy
215 source, as defined in section 16-1, that is the subject of such power
216 purchase agreement approved by the Public Utilities Regulatory
217 Authority pursuant to section 16a-3f;

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2025	New section
Sec. 2	October 1, 2025	12-81(57)

FIN *Joint Favorable Subst.*

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 26 \$	FY 27 \$
Various Municipalities	Potential Revenue Gain	None	See Below
Various Municipalities	Grand List Impact	None	See Below

Explanation

The bill results in a revenue gain to municipalities beginning in FY 27 associated with an annual tax on certain solar photovoltaic systems. Any revenue gain will be dependent on the number of megawatts and nameplate capacity for each system. Revenue gain may be reduced to the extent municipalities choose to freeze or stabilize the tax.

The bill also clarifies an existing property tax exemption by specifying that it only applies to equipment and devices that generate electricity and not to any real property on which these devices are located. Any grand list impact will be dependent on how this land and equipment is currently being taxed.

The Out Years

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

OLR Bill Analysis**sHB 7266*****AN ACT ESTABLISHING A UNIFORM SOLAR CAPACITY TAX.*****SUMMARY**

This bill creates a property tax exemption, beginning with the assessment year starting October 1, 2025, for Class I renewable energy sources that consist of equipment and devices that primarily collect solar energy and generate energy by photovoltaic effect. 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. Relatedly, the bill applies this same limitation, beginning with the assessment year starting October 1, 2025, to an existing property tax exemption for Class I renewable energy sources (other than nuclear power generating facilities) (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. (Current law does not explicitly exclude the real property where these sources' equipment and devices are located or installed under the existing exemption.)

Additionally, the bill establishes a uniform solar capacity tax of \$11,000 per megawatt (MW) of nameplate capacity on solar photovoltaic systems that are over 2 MW in size and approved on or after July 1, 2026, with a 2% increase on the \$11,000 base each year after. Generally, the tax applies for 20 years at the rate when the system is approved but municipalities may enter agreements to stabilize or freeze it. Among other things, the bill designates revenue from the tax as municipal revenue and sets an appeal process.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2025, for the capacity tax provision; October 1, 2025, for the property tax exemption provision.

UNIFORM SOLAR CAPACITY TAX

Applicability

The bill creates a separate annual tax for certain solar facilities beginning July 1, 2026. Under the bill, the uniform solar capacity tax applies to owners of “solar photovoltaic systems,” which are equipment and devices that:

1. have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect;
2. have a nameplate capacity over 2 MW that also exceeds the load for the location where the equipment and devices are located; and
3. are approved on or after July 1, 2026, by the Connecticut Siting Council or, if the system is not subject to the council’s approval, the municipal zoning authority of each municipality in which the equipment and devices are located.

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 bill establishes a “uniform solar capacity tax year,” from July 1 to June 30, as an accounting period to calculate the tax. The tax must be paid annually for a period of 20 uniform solar capacity tax years. For any system approved during the initial uniform solar capacity tax year (i.e. July 1, 2026, to June 30, 2027), the tax for the 20-year period is \$11,000 per MW of nameplate capacity, including any fractional portion. The bill requires the \$11,000 base rate to increase by 2% in each subsequent

uniform solar capacity tax year and for the new rates to apply to systems approved in corresponding years to pay those rates for their 20-year periods (e.g., the rate for systems approved beginning July 1, 2027, to June 30, 2028, will be \$11,220).

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.

The bill makes revenues from the tax 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.

Additionally, the bill requires the Office of Policy and Management (OPM) to develop a form to be submitted with the tax, and each municipality, through its finance department, or, if none, tax collector, must provide the form upon request by July 31, 2025. (Presumably, OPM must develop and give the municipalities the form before that date.) The bill allows each municipal finance department or tax collector to require a single annual payment or semiannual or quarterly payments. It also makes the tax (1) due on the date or dates determined by the municipal finance department or tax collector and (2) due and collectible as other property taxes and subject to the same liens and collection processes.

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 for the judicial district in which

the municipality is located. 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.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 52 Nay 0 (04/24/2025)