

SENATE BILL 841

Q1, Q2

11r2101
CF HB 954

By: **Senators Hershey, Feldman, and Guzzone**

Introduced and read first time: February 9, 2021

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 1, 2021

CHAPTER _____

1 AN ACT concerning

2 **Property Tax – Community Solar Energy Generating Systems**

3 FOR the purpose of establishing certain ~~solar energy property~~ community solar energy
4 generating systems as a subclass of personal property; providing that the county tax
5 rate applicable to certain ~~solar energy property~~ community solar energy generating
6 systems may be a different rate from the county tax rate applicable to other personal
7 property, subject to a certain limitation; ~~exempting~~ authorizing the governing body
8 of a county or municipal corporation to exempt, by law, personal property that is a
9 certain community solar energy generating system from a county or municipal
10 corporation property tax under certain circumstances; prohibiting the supervisor of
11 assessments for a county, when valuing income producing real property, from
12 considering the value of certain income attributable to the installation of a certain
13 community solar energy generating system; defining a certain term; providing for
14 the application of this Act; and generally relating to property taxes and solar energy
15 systems.

16 BY repealing and reenacting, without amendments,
17 Article – Public Utilities
18 Section 7–306.2(a)(1) and (3)
19 Annotated Code of Maryland
20 (2020 Replacement Volume and 2020 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Tax – Property
23 Section 6–302(b)(1) and 8–101(c)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2019 Replacement Volume and 2020 Supplement)

3 BY adding to
4 Article – Tax – Property
5 Section ~~7-402~~ 7-522 and 8-105(a)(4)
6 Annotated Code of Maryland
7 (2019 Replacement Volume and 2020 Supplement)

8 BY repealing and reenacting, without amendments,
9 Article – Tax – Property
10 Section 8-101(a) and 8-105(a)(1)
11 Annotated Code of Maryland
12 (2019 Replacement Volume and 2020 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
14 That the Laws of Maryland read as follows:

15 **Article – Public Utilities**

16 7-306.2.

17 (a) (1) In this section the following words have the meanings indicated.

18 (3) “Community solar energy generating system” means a solar energy
19 system that:

20 (i) is connected to the electric distribution grid serving the State;

21 (ii) is located in the same electric service territory as its subscribers;

22 (iii) is attached to the electric meter of a subscriber or is a separate
23 facility with its own electric meter;

24 (iv) credits its generated electricity, or the value of its generated
25 electricity, to the bills of the subscribers to that system through virtual net energy
26 metering;

27 (v) has at least two subscribers but no limit to the maximum number
28 of subscribers;

29 (vi) does not have subscriptions larger than 200 kilowatts
30 constituting more than 60% of its subscriptions;

31 (vii) has a generating capacity that does not exceed 2 megawatts as
32 measured by the alternating current rating of the system’s inverter; and

1 (viii) may be owned by any person.

2 **Article – Tax – Property**

3 6–302.

4 (b) (1) Except as provided in subsection (c) of this section, §§ 6–305 and 6–306
5 of this subtitle and § 6–203 of this title:

6 (i) there shall be a single county property tax rate for all real
7 property subject to county property tax except for operating real property described in §
8 8–109(c) of this article; [and]

9 (ii) the county tax rate applicable to personal property and the
10 operating real property described in § 8–109(c) of this article shall be no more than 2.5
11 times the rate for real property; AND

12 (III) **THE COUNTY TAX RATE APPLICABLE TO ~~SOLAR ENERGY~~**
13 **~~PROPERTY~~ PERSONAL PROPERTY THAT IS A COMMUNITY SOLAR ENERGY**
14 **GENERATING SYSTEM DESCRIBED UNDER § 8–101(C) OF THIS ARTICLE MAY BE A**
15 **DIFFERENT RATE FROM THE COUNTY TAX RATE APPLICABLE TO OTHER PERSONAL**
16 **PROPERTY, SUBJECT TO THE LIMITATION UNDER ITEM (II) OF THIS PARAGRAPH.**

17 ~~7–402.~~ 7–522.

18 (A) IN THIS SECTION, “COMMUNITY SOLAR ENERGY GENERATING SYSTEM”
19 HAS THE MEANING STATED IN § 7–306.2 OF THE PUBLIC UTILITIES ARTICLE.

20 (B) ~~PERSONAL~~ THE GOVERNING BODY OF A COUNTY OR MUNICIPAL
21 CORPORATION MAY EXEMPT, BY LAW, PERSONAL PROPERTY THAT IS A COMMUNITY
22 SOLAR ENERGY GENERATING SYSTEM ~~IS NOT SUBJECT TO A~~ FROM THE COUNTY OR
23 MUNICIPAL CORPORATION PROPERTY TAX IF THE PERSONAL PROPERTY IS
24 INSTALLED:

25 (1) ON THE ROOFTOP OF A STRUCTURE; OR

26 (2) OVER A PARKING GARAGE, SURFACE PARKING LOT, OR ROADWAY;
27 ~~OR~~

28 ~~(3) ON PROPERTY THAT HAS AN EXISTING NONPARASITIC ELECTRIC~~
29 ~~LOAD.~~

30 8–101.

1 (a) For assessment purposes, property shall be divided into classes and
2 subclasses.

3 (c) Personal property is a class of property and is divided into the following
4 subclasses:

5 (1) stock in business;

6 (2) distilled spirits;

7 (3) operating personal property of a railroad;

8 (4) operating personal property of a public utility that is machinery or
9 equipment used to generate electricity or steam for sale;

10 (5) all other operating personal property of a public utility;

11 (6) machinery and equipment, other than operating personal property of a
12 public utility, that is used to generate:

13 (i) electricity or steam for sale; or

14 (ii) hot or chilled water for sale that is used to heat or cool a building;

15 [and]

16 (7) ~~SOLAR ENERGY PROPERTY THAT IS INSTALLED TO USE SOLAR~~
17 ~~ENERGY TO GENERATE ELECTRICITY~~ PERSONAL PROPERTY THAT IS A COMMUNITY
18 SOLAR ENERGY GENERATING SYSTEM, AS DEFINED IN § 7-306.2 OF THE PUBLIC
19 UTILITIES ARTICLE, OTHER THAN SOLAR ENERGY PROPERTY A COMMUNITY SOLAR
20 ENERGY GENERATING SYSTEM INSTALLED ON THE ROOFTOP OF A STRUCTURE, OR
21 OVER A PARKING GARAGE, SURFACE PARKING LOT, OR ROADWAY, OR ON PROPERTY
22 THAT HAS AN EXISTING NONPARASITIC ELECTRIC LOAD; AND

23 (8) all other personal property that is directed by this article to be assessed.

24 8-105.

25 (a) (1) Except for land that is actively devoted to farm or agricultural use, the
26 supervisor:

27 (i) may value income producing real property by using the
28 capitalization of income method or any other appropriate method of valuing the real
29 property; and

30 (ii) shall consider an income method in valuing income producing
31 commercial real property.

1 **(4) IN DETERMINING THE VALUE OF REAL PROPERTY, THE**
2 **SUPERVISOR MAY NOT CONSIDER THE VALUE OF INCOME, INCLUDING INCOME**
3 **RELATED TO RIGHTS TO USE THE UNDERLYING REAL PROPERTY ATTRIBUTABLE TO**
4 **THE INSTALLATION OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM, AS**
5 **DEFINED IN § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
7 1, 2021, and shall be applicable to all taxable years beginning after June 30, 2021.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.