

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 851
Economic Matters

(Delegate M. Fisher, *et al.*)

Construction of Commercial Solar Photovoltaic Systems - Clear-Cutting -
Prohibition

This bill prohibits a person from clear cutting an area equal to or larger than one-half acre to make room for a commercial solar photovoltaic (PV) system.

Fiscal Summary

State Effect: General fund revenues from sales and income taxes and special fund revenues from property taxes decrease beginning as early as FY 2020 to the extent that fewer solar facilities are built in the State. The Public Service Commission (PSC) can handle the bill's requirements with existing budgeted resources.

Local Effect: Local government revenues decrease to the extent that fewer solar facilities are built in their jurisdictions due to the bill. The amount cannot be reliably estimated at this time.

Small Business Effect: Potential meaningful.

Analysis

Current Law: There is no general prohibition against removing forest to make room for a solar PV system.

Certificate of Public Convenience and Necessity

PSC is the lead agency for licensing the siting, construction, and operation of power plants in the State through the certificate of public convenience and necessary (CPCN) process.

Large utility scale solar PV systems generally must obtain a CPCN from PSC, which is a comprehensive process involving several other State agencies. The process includes the consideration of the comprehensive plan and zoning of each affected local government and the efforts to resolve any issues presented by an affected local government, among other aspects of the project.

Smaller (but still utility scale) solar PV systems can be exempt from the CPCN process; if an exemption from the CPCN requirement is granted, PSC evaluation is limited to ensuring safety and reliability of the electric system. All issues other than safety and reliability of the electric system are left up to other State and local agencies.

Background: Solar PV systems are relatively land intensive (several acres per megawatt). As the number of solar PV systems in the State has grown over the years, so too has the potential for conflict over the appropriate use of the State's finite amount of land. A recent [report](#) commissioned by PSC on the benefits and costs of solar in Maryland addresses many of these land use issues. The report can be found on PSC's website. According to the report, two counties restrict solar development on forested land (Frederick and Harford).

PSC advises that there are nine solar PV CPCN applications pending, with capacities ranging from 10 to 202 megawatts. Combined, the projects represent 460 megawatts of capacity sited on 2,900 acres.

State Fiscal Effect: The bill's prohibition on clear cutting a half acre or more to make room for a commercial PV system restricts potential sites for future installations. However, the bill does not necessarily cause fewer facilities to be built overall; other suitable land could conceivably be used. To the extent that it does result in fewer facilities, general fund revenues from sales and income taxes and special fund revenues from property taxes decrease, beginning as early as fiscal 2020. The amount cannot be estimated, but the effect likely becomes more pronounced over time.

PSC can handle the bill's requirements with existing budgeted resources.

Local Revenues: For the same reasons discussed above, local government revenues from property taxes and permitting fees decrease to the extent that fewer solar facilities are built in their jurisdictions, beginning as early as fiscal 2020. The amount cannot be estimated, but the effect likely becomes more pronounced over time.

Small Business Effect: Small businesses involved in the installation of solar PV systems may experience reduced demand for their services. Small businesses that own forested property and wish to have solar PV installed on that property may be unable to do so.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources; Public Service Commission;
Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2019
an/lgc

Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510