

SENATE BILL 954

Q1, Q2

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CF HB 1106

By: **Senators Hershey, Beidle, Elfreth, Feldman, Guzzone, Hayes, Hettleman, Klausmeier, Peters, Serafini, and West**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Solar Energy Systems**

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

13 BY repealing and reenacting, without amendments,
14 Article – Public Utilities
15 Section 7–306.2(a)(1) and (3)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2019 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Tax – Property
20 Section 6–302(b)(1) and 8–101(c)
21 Annotated Code of Maryland
22 (2019 Replacement Volume)

23 BY adding to
24 Article – Tax – Property
25 Section 7–402 and 8–105(a)(4)
26 Annotated Code of Maryland
27 (2019 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – Tax – Property
3 Section 8–101(a) and 8–105(a)(1)
4 Annotated Code of Maryland
5 (2019 Replacement Volume)

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

8 **Article – Public Utilities**

9 7–306.2.

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

11 (3) “Community solar energy generating system” means a solar energy
12 system that:

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

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

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

17 (iv) credits its generated electricity, or the value of its generated
18 electricity, to the bills of the subscribers to that system through virtual net energy
19 metering;

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

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

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

26 (viii) may be owned by any person.

27 **Article – Tax – Property**

28 6–302.

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

1 (i) there shall be a single county property tax rate for all real
2 property subject to county property tax except for operating real property described in §
3 8–109(c) of this article; [and]

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

7 **(III) THE COUNTY TAX RATE APPLICABLE TO SOLAR ENERGY**
8 **PROPERTY DESCRIBED UNDER § 8–101(C) OF THIS ARTICLE MAY BE A DIFFERENT**
9 **RATE FROM THE COUNTY TAX RATE APPLICABLE TO OTHER PERSONAL PROPERTY,**
10 **SUBJECT TO THE LIMITATION UNDER ITEM (II) OF THIS PARAGRAPH.**

11 **7–402.**

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

14 **(B) PERSONAL PROPERTY THAT IS A COMMUNITY SOLAR ENERGY**
15 **GENERATING SYSTEM INSTALLED ON THE ROOFTOP OF A STRUCTURE IS NOT**
16 **SUBJECT TO A COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX.**

17 8–101.

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

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

22 (1) stock in business;

23 (2) distilled spirits;

24 (3) operating personal property of a railroad;

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

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

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

30 (i) electricity or steam for sale; or

1 (ii) hot or chilled water for sale that is used to heat or cool a building;
2 [and]

3 (7) **SOLAR ENERGY PROPERTY THAT IS INSTALLED TO USE SOLAR**
4 **ENERGY TO GENERATE ELECTRICITY, OTHER THAN SOLAR ENERGY PROPERTY**
5 **INSTALLED ON THE ROOFTOP OF A STRUCTURE; AND**

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

7 8–105.

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

10 (i) may value income producing real property by using the
11 capitalization of income method or any other appropriate method of valuing the real
12 property; and

13 (ii) shall consider an income method in valuing income producing
14 commercial real property.

15 (4) **THE SUPERVISOR MAY NOT CONSIDER THE VALUE OF INCOME**
16 **ATTRIBUTABLE TO THE INSTALLATION OF A COMMUNITY SOLAR ENERGY**
17 **GENERATING SYSTEM, AS DEFINED IN § 7–306.2 OF THE PUBLIC UTILITIES**
18 **ARTICLE.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
20 1, 2020, and shall be applicable to all taxable years beginning after June 30, 2020.