

HOUSE BILL 1435

C5, M5, Q1

4r3255
CF SB 783

By: **Delegates Fraser–Hidalgo, Bhandari, Embry, Forbes, Jackson, A. Johnson, Qi, Stein, and Ziegler**

Introduced and read first time: February 9, 2024

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Renewable Energy – Net Energy Metering Aggregation, Solar Renewable**
3 **Energy Credits, and Taxes on Solar Energy Generating Systems**
4 **(Brighter Tomorrow Act)**

5 FOR the purpose of altering the maximum generating capacity authorized for certain net
6 metered generating facilities; authorizing an eligible customer–generator
7 participating in certain meter aggregation to receive excess generation from more
8 than one generating system; requiring the Public Service Commission to establish a
9 Small Solar Energy Generating System Incentive Program to provide certain
10 certified systems with a certain additional percentage of renewable energy credits
11 toward meeting the renewable energy portfolio standard for solar energy; providing
12 that a certified system is eligible to receive an additional percentage of renewable
13 energy credits for the life cycle of the system; increasing the duration of a certain
14 renewable energy credit under certain circumstances; requiring that certain
15 prevailing wage provisions apply to the construction of a certain certified system
16 unless the system is subject to a certain project labor agreement; extending for a
17 certain number of years a certain personal property tax exemption for certain
18 community solar energy generating system projects; exempting certain
19 nonresidential solar generating systems from the State or local real or personal
20 property tax; authorizing a county or municipal corporation to reduce or eliminate
21 an assessment on certain real property on which a certain solar energy generating
22 system is located; requiring a county to enter into a certain payment in lieu of taxes
23 agreement with an owner of a certain ground–mounted solar generating facility
24 under certain circumstances; and generally relating to renewable energy facilities
25 and tax provisions for renewable energy facilities.

26 BY repealing and reenacting, with amendments,
27 Article – Public Utilities
28 Section 7–306(g) and (i), 7–709(d), and 7–712
29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2020 Replacement Volume and 2023 Supplement)

2 BY adding to

3 Article – Public Utilities

4 Section 7–306(i) and 7–709.1

5 Annotated Code of Maryland

6 (2020 Replacement Volume and 2023 Supplement)

7 BY repealing and reenacting, without amendments,

8 Article – Tax – Property

9 Section 1–101(j)

10 Annotated Code of Maryland

11 (2019 Replacement Volume and 2023 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Tax – Property

14 Section 7–237(c)

15 Annotated Code of Maryland

16 (2019 Replacement Volume and 2023 Supplement)

17 BY adding to

18 Article – Tax – Property

19 Section 7–249, 7–250, and 7–522

20 Annotated Code of Maryland

21 (2019 Replacement Volume and 2023 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

23 That the Laws of Maryland read as follows:

24 **Article – Public Utilities**

25 7–306.

26 (g) (1) Except as provided in paragraphs [(6) and (7)] **(6), (7), AND (8)** of this
27 subsection, the generating capacity of an electric generating system used by an eligible
28 customer–generator for net metering may not exceed 2 megawatts.

29 (2) An electric generating system used by an eligible customer–generator
30 for net metering shall meet all applicable safety and performance standards established by
31 the National Electrical Code, the Institute of Electrical and Electronics Engineers, and
32 Underwriters Laboratories.

33 (3) The Commission may adopt by regulation additional control and testing
34 requirements for eligible customer–generators that the Commission determines are
35 necessary to protect public safety and system reliability.

1 (4) An electric company may not require an eligible customer-generator
2 whose electric generating system meets the standards of paragraphs (2) and (3) of this
3 subsection to:

- 4 (i) install additional controls;
- 5 (ii) perform or pay for additional tests; or
- 6 (iii) purchase additional liability insurance.

7 (5) An eligible customer-generator or the eligible customer-generator's
8 assignee shall own and have title to all renewable energy attributes or renewable energy
9 credits associated with any electricity produced by its electric generating system.

10 (6) The Commission may not prohibit the construction or operation of
11 multiple net metered solar energy generating facilities located on separate contiguous lots
12 that are owned by a local government solely because the capacity of the combined net
13 metering systems exceeds the limit established under paragraph (1) of this subsection, if:

14 (i) the net metered solar energy generating facilities are intended to
15 be used solely for the benefit of the local government;

16 (ii) the total capacity of the net metered solar energy generating
17 facilities on the contiguous lots does not exceed 5 megawatts;

18 (iii) the contiguous lots were not subdivided for the purpose of
19 circumventing the limit established under paragraph (1) of this subsection; and

20 (iv) the utility serving the net metered solar energy generating
21 facilities is not an electric cooperative or municipal electric utility.

22 (7) The generating capacity of a community solar energy generating system
23 established under § 7-306.2 of this subtitle that is used for net metering may not exceed 5
24 megawatts.

25 **(8) THE GENERATING CAPACITY OF A NET METERED FACILITY THAT**
26 **IS METER AGGREGATED UNDER § 7-306.3 OF THIS SUBTITLE MAY NOT EXCEED 5**
27 **MEGAWATTS.**

28 **(I) NOTWITHSTANDING THE GENERATING CAPACITY LIMITS ESTABLISHED**
29 **IN SUBSECTION (G) OF THIS SECTION, AN ELIGIBLE CUSTOMER-GENERATOR**
30 **PARTICIPATING IN METER AGGREGATION UNDER § 7-306.2 OR § 7-306.3 OF THIS**
31 **SUBTITLE MAY RECEIVE EXCESS GENERATION FROM MORE THAN ONE GENERATING**
32 **SYSTEM INCLUDING IF THE COMBINED GENERATING CAPACITY OF ALL NET**
33 **METERED FACILITIES THAT ARE METER AGGREGATED EXCEEDS 5 MEGAWATTS.**

1 **[(i)] (J)** On or before November 1 of each year, the Commission shall report to
2 the General Assembly, in accordance with § 2–1257 of the State Government Article, on the
3 status of the net metering program under this section, including:

4 (1) the amount of capacity of electric generating facilities owned and
5 operated by eligible customer–generators in the State by type of energy resource;

6 (2) based on the need to encourage a diversification of the State’s energy
7 resource mix to ensure reliability, whether the rated generating capacity limit in subsection
8 (d) of this section should be altered; and

9 (3) other pertinent information.

10 7–709.

11 (d) (1) Except as **PROVIDED IN § 7–709.1 OF THIS SUBTITLE AND**
12 authorized under paragraph (2) of this subsection, a renewable energy credit shall exist for
13 3 years from the date created.

14 (2) A renewable energy credit may be diminished or extinguished before
15 the expiration of 3 years by:

16 (i) the electricity supplier that received the credit;

17 (ii) a nonaffiliated entity of the electricity supplier:

18 1. that purchased the credit from the electricity supplier
19 receiving the credit; or

20 2. to whom the electricity supplier otherwise transferred the
21 credit; or

22 (iii) demonstrated noncompliance by the generating facility with the
23 requirements of § 7–704(f) of this subtitle.

24 **7–709.1.**

25 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
26 **INDICATED.**

27 **(2) “CERTIFIED SYSTEM” MEANS A SOLAR ENERGY GENERATING**
28 **SYSTEM CERTIFIED BY THE COMMISSION AS ELIGIBLE TO RECEIVE ADDITIONAL**
29 **CREDITS UNDER THE PROGRAM.**

30 **(3) “PROGRAM” MEANS THE SMALL SOLAR ENERGY GENERATING**
31 **SYSTEM INCENTIVE PROGRAM.**

1 **(B) THE COMMISSION SHALL ESTABLISH A SMALL SOLAR ENERGY**
2 **GENERATING SYSTEM INCENTIVE PROGRAM.**

3 **(C) UNDER THE PROGRAM, SOLAR ENERGY GENERATING SYSTEMS THAT**
4 **ARE CERTIFIED BY THE COMMISSION IN ACCORDANCE WITH THIS SECTION SHALL**
5 **BE ELIGIBLE TO RECEIVE ADDITIONAL SOLAR RENEWABLE ENERGY CREDITS AS**
6 **PROVIDED IN THIS SECTION.**

7 **(D) TO BE ELIGIBLE FOR CERTIFICATION UNDER THE PROGRAM, A SOLAR**
8 **ENERGY GENERATING SYSTEM SHALL:**

9 **(1) BE LOCATED IN THE STATE;**

10 **(2) BE ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE**
11 **ENERGY PORTFOLIO STANDARD;**

12 **(3) HAVE A GENERATING CAPACITY OF 2 MEGAWATTS OR LESS, AS**
13 **MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER;**
14 **AND**

15 **(4) BE PLACED IN SERVICE BETWEEN JULY 1, 2024, AND JANUARY 1,**
16 **2028, INCLUSIVE.**

17 **(E) THE TOTAL AMOUNT OF IN-STATE GENERATING CAPACITY FOR**
18 **CERTIFIED SYSTEMS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF**
19 **THE SYSTEMS' INVERTERS UNDER THE PROGRAM MAY NOT EXCEED:**

20 **(1) 330 MEGAWATTS FOR SYSTEMS WITH A GENERATING CAPACITY OF**
21 **LESS THAN 20 KILOWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING**
22 **OF THE SYSTEM'S INVERTER; AND**

23 **(2) 300 MEGAWATTS FOR SYSTEMS WITH A GENERATING CAPACITY OF**
24 **BETWEEN 20 KILOWATTS AND 2 MEGAWATTS, AS MEASURED BY THE ALTERNATING**
25 **CURRENT RATING OF THE SYSTEM'S INVERTER.**

26 **(F) (1) THE OWNER OF A SOLAR ENERGY GENERATING SYSTEM MAY**
27 **APPLY TO THE COMMISSION TO BE CERTIFIED UNDER THE PROGRAM.**

28 **(2) THE OWNER OF A CERTIFIED SYSTEM SHALL PAY A ONE-TIME FEE**
29 **OF \$100 TO THE COMMISSION AT THE TIME OF THE CERTIFICATION.**

1 **(3) THE COMMISSION SHALL USE THE FEES COLLECTED UNDER**
2 **PARAGRAPH (2) OF THIS SUBSECTION TO PAY FOR COSTS ASSOCIATED WITH**
3 **ADMINISTERING THE PROGRAM.**

4 **(G) (1) A CERTIFIED SYSTEM UNDER THE PROGRAM SHALL RECEIVE:**

5 **(I) FOR SYSTEMS WITH A GENERATING CAPACITY OF UP TO 2**
6 **MEGAWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE**
7 **SYSTEM'S INVERTER, 150% CREDIT TOWARD MEETING THE RENEWABLE ENERGY**
8 **PORTFOLIO STANDARD FOR ENERGY DERIVED FROM SOLAR; AND**

9 **(II) FOR SYSTEMS WITH A GENERATING CAPACITY OF UP TO 2**
10 **MEGAWATTS, AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE**
11 **SYSTEM'S INVERTER, THAT ARE LOCATED ON A ROOFTOP, A PARKING CANOPY, OR A**
12 **BROWNFIELD, 200% CREDIT TOWARD MEETING THE RENEWABLE ENERGY**
13 **PORTFOLIO STANDARD FOR ENERGY DERIVED FROM SOLAR.**

14 **(2) A CERTIFIED SYSTEM IS ELIGIBLE TO RECEIVE THE PERCENTAGE**
15 **CREDIT SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION FOR THE ENTIRE**
16 **LIFE CYCLE OF THE SYSTEM.**

17 **(H) NOTWITHSTANDING § 7-709(D)(1) OF THIS SUBTITLE, A CREDIT**
18 **CREATED BY A CERTIFIED SYSTEM UNDER THE PROGRAM SHALL EXIST FOR 5 YEARS**
19 **FROM THE DATE CREATED.**

20 **(I) THE DEVELOPER OF A CERTIFIED SYSTEM UNDER THE PROGRAM THAT**
21 **HAS A GENERATING CAPACITY OVER 1 MEGAWATT, AS MEASURED BY THE**
22 **ALTERNATING CURRENT RATING OF THE SYSTEM'S INVERTER, SHALL ENSURE THAT**
23 **WORKERS ARE PAID NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED**
24 **UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT**
25 **ARTICLE, UNLESS THE SYSTEM IS SUBJECT TO A PROJECT LABOR AGREEMENT**
26 **THAT:**

27 **(1) BINDS ALL CONTRACTORS AND SUBCONTRACTORS ON THE**
28 **SYSTEM THROUGH THE INCLUSION OF SPECIFICATIONS IN ALL RELEVANT**
29 **SOLICITATION PROVISIONS AND CONTRACT DOCUMENTS;**

30 **(2) ALLOWS ALL CONTRACTORS AND SUBCONTRACTORS TO COMPETE**
31 **FOR CONTRACTS AND SUBCONTRACTS ON THE PROJECT WITHOUT REGARD TO**
32 **WHETHER THEY ARE OTHERWISE PARTIES TO COLLECTIVE BARGAINING**
33 **AGREEMENTS;**

1 (c) (1) (i) In this subsection the following words have the meanings
2 indicated.

3 (ii) “Agrivoltaics” means the simultaneous use of areas of land for
4 both solar power generation and agriculture.

5 (iii) “Brownfield” means:

6 1. a former industrial or commercial site identified by federal
7 or State laws or regulations as contaminated or polluted; or

8 2. a closed municipal or rubble landfill regulated under a
9 refuse disposal permit by the Department of the Environment.

10 (iv) “Community solar energy generating system” has the meaning
11 stated in § 7–306.2 of the Public Utilities Article.

12 (v) “Electric company” has the meaning stated in § 1–101 of the
13 Public Utilities Article.

14 (2) This subsection applies through the life cycle of a community solar
15 energy generating system that:

16 (i) is placed in service after June 30, 2022; and

17 (ii) has been approved on or before December 31, [2025] **2030**, by
18 the Public Service Commission under § 7–306.2 of the Public Utilities Article.

19 (3) Personal property is exempt from county or municipal corporation
20 property tax if the property is machinery or equipment that is part of a community solar
21 energy generating system that:

22 (i) has a generating capacity that does not exceed 2 megawatts as
23 measured by the alternating current rating of the system’s inverter;

24 (ii) provides at least 50% of the energy it produces to low- or
25 moderate-income customers at a cost that is at least 20% less than the amount charged by
26 the electric company that serves the area where the community solar energy generating
27 system is located; and

28 (iii) 1. is used for agrivoltaics; or

29 2. is installed on a rooftop, brownfield, parking facility
30 canopy, landfill, or clean fill.

31 (4) On or before October 1 each year, the Department shall report to the
32 Senate Budget and Taxation Committee and the House Ways and Means Committee, in

1 accordance with § 2-1257 of the State Government Article, on the number and location of
2 projects that, in the immediately preceding taxable year, have received the exemption
3 under this subsection.

4 **7-249.**

5 **NONRESIDENTIAL SOLAR ENERGY GENERATING SYSTEMS THAT ARE**
6 **CONSTRUCTED ON THE ROOFTOPS OF BUILDINGS OR ON PARKING FACILITY**
7 **CANOPIES ARE NOT SUBJECT TO VALUATION OR TO PROPERTY TAX.**

8 **7-250.**

9 **(A) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY**
10 **REDUCE OR ELIMINATE, BY LAW, THE PERCENTAGE OF THE ASSESSMENT OF ANY**
11 **REAL PROPERTY THAT IS SUBJECT TO THE COUNTY OR MUNICIPAL CORPORATION**
12 **PROPERTY TAX UNDER THIS ARTICLE IF THE REAL PROPERTY INCLUDES A PARKING**
13 **FACILITY ON WHICH A SOLAR ENERGY GENERATING SYSTEM HAS BEEN**
14 **CONSTRUCTED ON ITS CANOPY.**

15 **(B) (1) A COUNTY OR MUNICIPAL CORPORATION THAT REDUCES OR**
16 **ELIMINATES THE PERCENTAGE OF ASSESSMENT OF TAXABLE REAL PROPERTY**
17 **UNDER SUBSECTION (A) OF THIS SECTION SHALL SUBMIT A COPY OF THE LAW TO**
18 **THE DEPARTMENT.**

19 **(2) IF THE DEPARTMENT RECEIVES A COPY OF THE LAW ON OR**
20 **BEFORE MAY 1, THE CHANGE WILL BE EFFECTIVE FOR THE TAXABLE YEAR**
21 **FOLLOWING THE DATE THE LAW IS ENACTED.**

22 **(C) IF ANY REAL PROPERTY IS EXEMPT UNDER SUBSECTION (B) OF THIS**
23 **SECTION FROM COUNTY PROPERTY TAX BUT IS SUBJECT TO MUNICIPAL**
24 **CORPORATION PROPERTY TAX, THE DEPARTMENT OR THE SUPERVISOR SHALL**
25 **PROVIDE THE MUNICIPAL CORPORATION WITH THE ASSESSMENT OF THE REAL**
26 **PROPERTY.**

27 **(D) THE DEPARTMENT MAY ADOPT REGULATIONS TO IMPLEMENT THIS**
28 **SECTION.**

29 **7-522.**

30 **THE GOVERNING BODY OF A COUNTY SHALL EXEMPT OR PARTIALLY EXEMPT**
31 **A GROUND-MOUNTED SOLAR ENERGY GENERATING SYSTEM FROM THE COUNTY**
32 **REAL OR PERSONAL PROPERTY TAX IF THE OWNER OF THE SYSTEM AND THE**
33 **COUNTY ENTER INTO A PAYMENT IN LIEU OF TAXES AGREEMENT, APPROVED BY**
34 **ORDINANCE OF THE LEGISLATIVE BODY OF THE COUNTY, THAT SPECIFIES:**

1 **(1) THAT THE OWNER OF THE SYSTEM SHALL PAY TO THE COUNTY**
2 **EACH YEAR IN LIEU OF THE PAYMENT OF COUNTY REAL OR PERSONAL PROPERTY**
3 **TAXES DURING THE TERM OF THE AGREEMENT THE SUM OF \$2,500 PER MEGAWATT**
4 **OF GENERATING CAPACITY OF THE SYSTEM, AS MEASURED BY THE ALTERNATING**
5 **CURRENT RATING OF THE SYSTEM’S INVERTER;**

6 **(2) THE TERM OF THE AGREEMENT; AND**

7 **(3) THAT EACH YEAR AFTER THE EXPIRATION OR TERMINATION OF**
8 **THE AGREEMENT, FULL REAL AND PERSONAL PROPERTY TAXES SHALL BE PAYABLE**
9 **ON THE PROPERTY.**

10 SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation
11 or contract right may not be impaired in any way by this Act.

12 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
13 applicable to all taxable years beginning after June 30, 2024.

14 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June
15 1, 2024.