



MARYLAND
Association of
COUNTIES

Senate Bill 841

Property Tax - Solar Energy Systems

MACo Position: **SUPPORT
WITH AMENDMENTS**

To: Budget and Taxation Committee

Date: February 24, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 841 WITH AMENDMENTS**. This bill generally grants broad tax exemptions for specified community solar energy generating systems. The bill also designates certain solar energy property as a new subclass of personal property, and authorizes local governments to adjust personal property tax rates on solar energy equipment.

MACo generally supports legislation that provides local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources. Mandated tax exemptions require counties to forego meaningful local revenues to support essential public services, even if the exemptions do not serve their best interests.

SB 841 exempts specified community solar energy generating system property from the county or municipal personal property tax, designates certain solar energy property as a new subclass of personal property, enables county governments to impose a separate personal property tax rate on solar energy property, and prohibits the State Department of Assessments and Taxation (SDAT) from considering the value of income attributable to the installation of a community solar energy generating system when determining a personal property assessment.

MACo appreciates the bill's flexibility with personal property tax rates on solar energy equipment, as many counties are interested in promoting community solar on rooftops, brownfields, or less desirable lands as alternatives to large-scale energy generation facilities. However, local personal property tax revenues would decrease by \$2.7 million due to the tax exemption for community solar energy generating systems and other assessment changes, according to the bill's fiscal note. Further, the fiscal note indicates that as solar energy generating systems become more viable, the potential decrease in local property tax revenues from the personal property exemption will be substantially higher than currently estimated.

MACo urges amendments to authorize rather than mandate a personal property tax exemption for specified solar property, and to strike the language that prohibits SDAT from considering the income attributable to a community solar energy generating system when determining a personal property assessment.

Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input.

Accordingly, MACo urges the Committee to give a **FAVORABLE WITH AMENDMENTS** report on SB 841 (proposed amendments included on the next page).

MACo Proposed Amendments to SB 841

AMENDMENT NO. 1

On page 3, strike in their entirety lines 14 through 21, and substitute

“(B) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY REDUCE OR ELIMINATE, BY LAW, THE PERCENTAGE OF THE ASSESSMENT OF ANY COMMUNITY SOLAR ENERGY GENERATING SYSTEM SUBJECT TO A COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IF THE PERSONAL PROPERTY IS INSTALLED:

- (1) ON THE ROOFTOP OF A STRUCTURE;**
- (2) OVER A PARKING GARAGE, SURFACE PARKING LOT, OR ROADWAY; OR**
- (3) ON PROPERTY THAT HAS AN EXISTING NONPARASITIC ELECTRIC LOAD.**

(C) (1) A COUNTY OR MUNICIPAL CORPORATION THAT REDUCES OR ELIMINATES THE PERCENTAGE OF ASSESSMENT OF TAXABLE COMMUNITY SOLAR ENERGY SYSTEM PERSONAL PROPERTY UNDER SUBSECTION (B) OF THIS SECTION SHALL SUBMIT A COPY OF THE LAW TO THE DEPARTMENT.

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

D) IF ANY COMMUNITY SOLAR ENERGY GENERATING SYSTEM PERSONAL PROPERTY UNDER SUBSECTION (B) OF THIS SECTION IS EXEMPT UNDER SUBSECTION (C) OF THIS SECTION FROM COUNTY PROPERTY TAX BUT IS SUBJECT TO MUNICIPAL CORPORATION PROPERTY TAX, THE DEPARTMENT OR THE SUPERVISOR SHALL PROVIDE THE MUNICIPAL CORPORATION WITH THE ASSESSMENT OF THE COMMUNITY SOLAR ENERGY SYSTEM PERSONAL PROPERTY UNDER SUBJECT (B) OF THIS SECTION.”

AMENDMENT NO. 2

On page 4, strike in their entirety lines 23 through 27, inclusive.