



**Before the General Assembly of the State of Maryland
Senate Budget and Taxation Committee
February 24, 2021**

**Testimony of David W. Murray
Executive Director
Chesapeake Solar & Storage Association
SB841: Property Tax – Solar Energy Systems
FAVORABLE**

Thank you for the opportunity to provide testimony on [SB 841](#). I serve as Executive Director of the Chesapeake Solar & Storage Association, CHESSA, formerly known as the Maryland-DC-Virginia Solar Energy Industries Association (MDV-SEIA). CHESSA is a regional trade association representing over 10,000 solar installers, developers, manufacturers, and other solar workers in Maryland, Virginia and the District of Columbia. Our members also provide energy storage solutions to households, businesses, schools, local governments, and utilities throughout the region. CHESSA is a recognized state affiliate of the Solar Energy Industries Association.

CHESSA applauds Senator Hershey for his leadership on both solar deployment and access, and strongly recommends a favorable vote on SB 841. This bill would facilitate community solar deployment on rooftops and ensure more Marylanders have access to the cost savings of renewable energy.

As background, solar equipment in Maryland is classified as either real or personal property is based on how the equipment is used and installed. According to Annapolis-based tax consultancy Altus Group:

Solar energy equipment that is installed “to generate electricity to be used in a structure or supplied to the electric grid” is considered real property and, furthermore, is exempt from real property taxation. This exemption was enacted in 2008 and later expanded in 2009 to include the italicized language above in the definition of exempt “solar energy property”. In October 2009, the Assistant Attorney General, David M. Lyon, sent a letter to the Maryland State Department of Assessments and Taxation (SDAT) in response to inquiries as to whether the additional language expanded the exemption to include stand-alone solar equipment that is not serving property on site. The letter was not an official opinion, but Lyon’s guidance to the SDAT was that, based on the intent of the legislation, the expanded exemption did not apply to “stand-alone electric generation equipment which is only supplying electricity to the grid.

Solar electric generation equipment that does not meet that definition is considered personal property. Thus, community solar arrays – despite being sited on a rooftop – are liable for personal property taxes because they deliver power directly to the electricity grid.

CHESSA believes that a solar array’s meter configuration should not determine whether it is real or personal property. Rather, the state should affirm that a community solar array affixed to a roof or parking lot is real property, as it would if it were solely providing power onsite.



Over the past few years, CHESSA has observed that the state has looked for ways to incentivize more solar on rooftops, parking lots, and brownfields – where the land use is less valuable. SB 841 is a fiscally neutral way to achieve this goal.

While opponents of the bill may believe this bill deprives counties of revenue, the opposite is true. Community solar arrays are largely not being built on rooftops because of the additional costs associated with development. Thus, there is little revenue to deprive these jurisdictions of! Instead, by clarifying these projects are exempt, it will open a new market for community solar and project deployment. By facilitating additional projects, counties will benefit from income and sales tax revenue.

The Chesapeake Solar & Storage Association recommends a favorable vote on SB 841.

Sincerely,

David Murray
Executive Director
Chesapeake Solar & Storage Association (CHESSA, formerly MDV-SEIA)