

MD - SPWR Testimony SB841 20210224.pdf

Uploaded by: Dutta, Robin

Position: FAV



24 February 2021

Senate Budget and Taxation Committee
Maryland General Assembly
3 West
Miller Senate Office Building
Annapolis, MD 21401

Re: SB 841 – Property Tax – Solar Energy Systems
Position: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and members of the Senate Budget and Taxation Committee, thanks you for the opportunity to offer testimony today on SB 841. My name is Robin Dutta, and I am the Senior Manager for Market Development & Policy for SunPower Corporation. SunPower is a U.S.-based solar and energy storage developer. SunPower has over 1,000 employees across the country and an extensive national dealer network consisting of locally-owned small businesses. SunPower directly develops commercial solar projects for Fortune 100 and Fortune 500 companies, the federal government, as well as state and local government entities.

Our Maryland economic footprint is a mix of our small business network and our direct development business. SunPower has 10 different Maryland-based small businesses in our dealer network. We have also developed projects over 100 commercial-scale solar projects in the state, including multiple systems for Macy's and Verizon. We are currently developing projects for Baltimore County on rooftops and landfills. We are also constructing community solar systems that will be hosted by the Washington Metropolitan Area Transit Authority (WMATA) at three different Metro stations in Prince George's County.

SunPower supports SB 841 – Property Tax – Solar Energy Systems, and asks the Committee for a favorable report.

Background

The pilot program to develop Maryland-sited community solar energy generating systems was passed in 2015. The program took about two years to develop rules and procedures, and they are currently in the fourth year of the pilot program. The majority of community solar capacity has been developed on open land.

Solar systems on building rooftops, parking garages, and surface lots are more expensive and complicated to construct. Rooftops must be retrofitted to support solar, and the solar requires

engineering and design to fit the physical requirements of a building. Parking canopies are entire steel and aluminum structures that must be designed to withstand wind shears and snow loads, among other concerns. Solar parking canopies can be two to three times as expensive to build as ground-mount solar systems. These added costs make it more difficult to offer clear value propositions to building owners, and energy savings to prospective community solar subscribers.

Solar rooftops and solar parking canopies are an essential mix to Maryland's community solar and overall solar deployment footprint. Just as on-site solar helps to lower the energy bills of the residential and business customers that host, community solar can financially benefit the business and non-profit entities that host those systems. Companies can "rent" their rooftop space to host a community solar system. SunPower's community solar development for WMATA is using the same concept by leasing the space above the parking lots at Southern Avenue, Naylor Road, and Cheverly Metro stations. The subscribers will be customers in the Pepco service territory, including in Prince George's County. Community solar is creating a brand new, and much needed, revenue source for the transit authority.

SB 841 Helps Level the Playing Field

SB 841 provides a some commonsense tool to support the development of community solar systems on and near buildings by lowering their local tax burden.

SB 841 would extend the existing personal property tax exemption for net metered-solar systems to community solar systems that are located on building rooftops, parking facilities, and any other existing electric load. For example, an office complex could host community solar systems on a mix of building rooftops and parking canopy structures and those systems would not be subject to the personal property tax. The real property tax calculation would also be modified to not include income related to the community solar system. Solar today is reliant on revenue streams from Renewable Energy Credits, which skews the project economics. A state incentive should not cause an increase in property tax liability. This legislation would better align property tax law with the state's aggressive solar mandates.

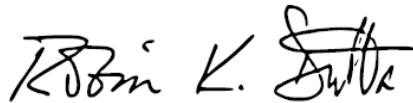
By lowering the local tax burden, community solar developers and operators will have a better opportunity to pursue opportunities for new solar on the built environment. It also prevents a significant increase in a private business's tax liability from community solar. The rent they earn from the community solar can go directly into their business. These more favorable economic circumstance will translate to financial benefit not only to the system host but also to greater energy bill savings for those community solar subscribers. Corporate campuses, park and rides, apartment complexes, transportation centers, and other public and private facilities would be better able to host community solar facilities.

And, stepping back to consider all of Maryland solar development, there should be greater encouragement for any kind of on-site solar development. Maryland has the most aggressive solar mandate in the country. The Governor's Task Force on Renewable Energy Development and Siting provided 14 different recommendations to encourage solar development away from prime agricultural land. Among the recommendations from the task force was the creation of new incentive programs and a general support for developing solar on the existing built environment. All options must be on the table to make Maryland solar development easier.

SB 841 is consistent with the task force recommendations, and it would be good policy if it becomes law. SunPower asks the Committee for a favorable report.

Thank you for your time and consideration.

Sincerely,

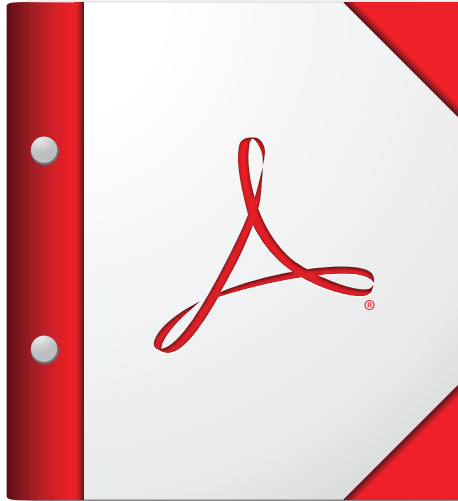
A handwritten signature in black ink, appearing to read "Robin K. Dutta". The signature is fluid and cursive, with the first name "Robin" being more prominent.

Robin K. Dutta
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SunPower Corporation
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SRE SB 841 Ltr 022221.pdf

Uploaded by: Greenberg, Nathan

Position: FAV



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SB841 CHESSA FAV.pdf

Uploaded by: Murray, David

Position: FAV



**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)

SB0841-BT_MACo_SWA.pdf

Uploaded by: Kinnally, Kevin

Position: FWA



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.

SB 841_MAREC USSEC ACP Testimony.pdf

Uploaded by: Meyer, Isaac

Position: FWA



February 24, 2021

Testimony before the Budget and Taxation Committee

Chair Guzzone, Vice Chair Rosapepe and Members of the Committee,

On behalf of the Utility Scale Solar Energy Coalition (USSEC), the Mid-Atlantic Renewable Energy Coalition (MAREC), and American Clean Power (Formerly the American Wind Energy Association), thank you for the opportunity to submit testimony in support with technical amendments on SB 841. USSEC, ACP and MAREC broadly represent solar companies that generate large-scale projects that differ significantly in project size and cost from community solar projects that we believe to be the intent of this legislation.

SB 841 intends to provide certain property tax benefits to community solar projects. To achieve this goal, the bill enables a new tax rate for solar energy property that may be different from the county tax rate applicable to other personal property. This tax rate is limited to a new class of solar property that encompasses all solar energy property except for a narrow class for onsite and rooftop solar projects. The bill defines community solar energy generating system (CSEGS) and excludes certain classes of CSEGS from personal property taxes and limits the valuation of underlying real property to exclude the income method of valuation.

USSEC, ACP, and MAREC have no issue with the goal of the bill as it relates to CSEGS but are concerned about what we believe is an unintended consequence of how the bill is currently drafted: by allowing bifurcation between tax rates for solar versus other personal property, SB 841 opens the door for the first time for solar property to receive a higher tax rate than other personal property. This would inadvertently enable new punitive tax treatment of solar personal property for the first time, a real concern in some counties that seek to deter solar project development and represents a new obstacle in what is already a challenging environment for solar project development.

By limiting the proposed statutory changes to CSEGS as intended, we can prevent the unintended negative impacts on other solar sectors. To that end, we propose a technical amendment to the legislation. We believe this amendment still meets the ultimate goal of the bill – expand community solar – while not unintentionally making it more difficult or cost effective to develop solar projects that are not CSEGS.

Amendment No. 1

On page 3, strike “~~SOLAR ENERGY~~” and substitute “COMMUNITY SOLAR ENERGY GENERATING SYSTEMS”

On page 4, strike “~~SOLAR ENERGY~~” and substitute “COMMUNITY SOLAR ENERGY GENERATING SYSTEMS”

Thank you for your consideration of our testimony and amendments.

Submitted on behalf of the USSEC, MAREC, and ACP by Isaac Meyer, Compass Government Relations

SB 841_UNF_MML.pdf

Uploaded by: Fiore, Justin

Position: UNF



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

February 24, 2021

Committee: Senate Budget and Taxation

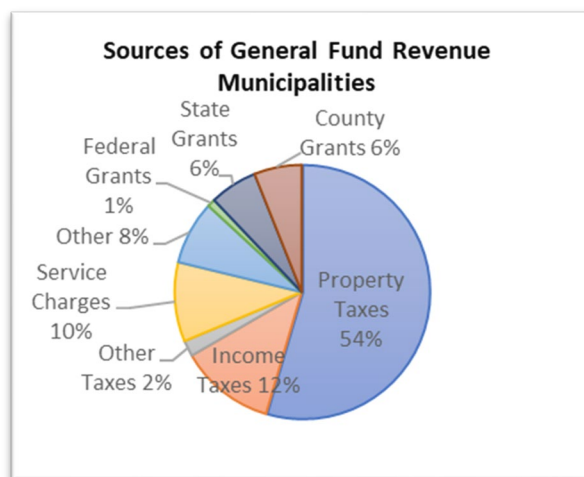
Bill: SB 841 – Property Tax – Solar Energy Systems

Position: Oppose

Reason for Position:

The Maryland Municipal League strongly opposes SB 841, which would exempt a community solar energy generating system installed on the rooftop of a structure from the county or municipal personal property tax and prohibit 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.

As it stands, municipalities are overdependent on property taxes to provide essential services for their residents. Over half of municipal general fund revenues are derived from property taxes, and for some, property taxes account for over 65% of total revenues. Local jurisdictions have little control over the other major sources of revenue, leaving municipalities with few options when fiscal challenges arise. **Maryland's cities and towns are not in a position to exempt an emerging industry from personal property tax.**



Therefore, the League respectfully requests that this committee provide SB 841 with an unfavorable report.

OVER...

FOR MORE INFORMATION CONTACT:

Scott A. Hancock

Angelica Bailey

Bill Jorch

Justin Fiore

Executive Director

Director, Government Relations

Director, Research & Policy Analysis

Manager, Government Relations

SB0841 (HB0954) - LOI.pdf

Uploaded by: Fahrig, Landon

Position: INFO



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, Senate Budget & Taxation Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB0841 (HB0954) - Property Tax – Solar Energy Systems
DATE: February 24, 2021

MEA Position: Letter of Information

MEA strongly supports clean and renewable energy with its bevy of programs, including significant support of solar. MEA offers grants for rooftop solar, community solar including low-to-moderate income installations, and parking lot solar canopies with integrated electric vehicle supply equipment. However, this bill as written may have unnecessarily broad application, as “**PROPERTY THAT HAS AN EXISTING NONPARASITIC ELECTRIC LOAD**” would appear to mean any property that currently uses electricity. If the intent of the bill is a more targeted application, it may be appropriate to consider amendments.

“Parasitic load” typically refers to the electricity needed to operate an electric generating station (ex. the electricity needed to operate interior lighting and computers at Calvert Cliffs Nuclear Power Plant). “Nonparasitic load” then would mean any electric load unaffiliated with the operation of the solar generating station (ex. a lamp or stove in the house upon a farm where a solar installation is placed). As a result, this bill may allow broad exemptions from property tax.

It is important to note, community solar is often thought to benefit only low-to-moderate income (LMI) residents. While there *are* LMI community solar developments, and MEA provides additional incentives to community solar that is dedicated to LMI subscribers, this bill does not appear to be limited in scope for the benefit of LMI Marylanders.

MEA urges the committee to consider the proceeding prior to issuing its report.