



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

March 29, 2022

Committee: Senate Budget and Taxation Committee

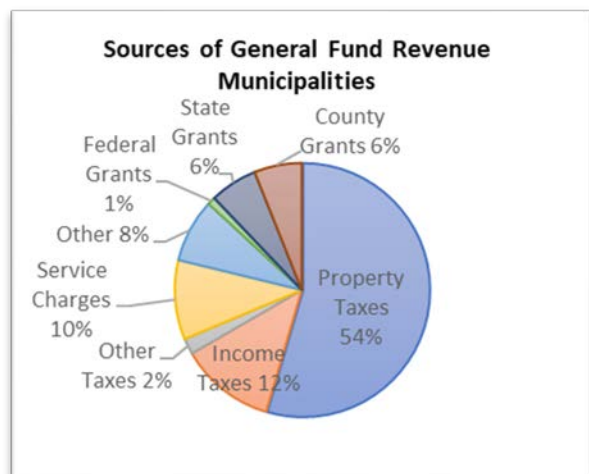
Bill: HB 1039 – Community Solar Energy Generating Systems – Agrivoltaics

Position: Support with Amendment

Reason for Position:

The Maryland Municipal League supports HB 1039 with an amendment to authorize local governments set lower personal and real property tax rates for community solar projects and offer full exemptions as well. As introduced, the bill mandates certain community solar projects be exempted from municipal personal and real property taxes.

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 taxes.**



The League would, however, support the bill with amendments that allow for the creation of a new class of personal property as to adopt lower rates and the authority to fully exempt these projects from personal property taxes, such as those included in SB 841 of 2021. This would allow local governments the flexibility to incentivize the development of such projects within their budget constraints while the community solar pilot program

continues to gather data. As the pilot reaches its conclusion, we believe the State should review all the incentive options available alongside a clear cost-benefit analysis.

Therefore, the League respectfully requests that this committee provide HB 1039 with a favorable report with the following amendments.

FOR MORE INFORMATION CONTACT:

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