



March 29, 2022

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

RE: House Bill 1039 - Property Tax - Community Solar Energy Generating Systems – Agrivoltaics

Position: **SUPPORT**

Dear Chairman Guzzone, Vice Chair Rosapepe and Members of the Senate Budget and Taxation Committee,

Thank you for holding this public hearing today and allowing our testimony. I write to you to urge your favorable recommendation of House Bill 1039. This bill provides the necessary tax exemptions to make community solar facilities feasible on rooftops, brownfields and landfills, as well as make agrivoltaic facilities a more manageable option for ground mount projects.

SGC Power is a Howard County-based Community Solar development company. Our team has decades of combined solar experience, developing hundreds of megawatts of electricity across the country with a focus on the Mid-Atlantic, especially in Maryland. In addition, within our portfolio, we have developed an operational agrivoltaic solar facility that utilizes sheep grazing.

SGC Power welcomes the proposed legislation. This bill will of course provide greater opportunities for local community solar development companies like SGC to consider more rooftop, brownfield and landfill options, as well as provide additional options for landowners for traditional ground mount facilities. With the successful passage of this legislation, it will give rise to further community solar facilities and in turn, provide more opportunities for your constituents to enjoy the benefits that come with subscribing to a community solar facility.

This legislation provides greater opportunities and incentives for the development and construction of more community solar facilities through its tax exemption, which opens the door to developing rooftops that would otherwise not be financially viable. For example, when developing community solar facilities on a rooftop, while the available square footage may be adequate to host a solar facility, many other factors come into play, much of which revolve around a roof's structural capacity to handle the additional loading as well as the lifecycle of the roofing materials and how to handle a future roof replacement.

Similarly, when developing an agrivoltaic facility, the planning, construction and long-term costs increase. This is especially true when utilizing a project site for livestock grazing due to various additional requirements that come with different types of livestock being free to roam. The array may need to be elevated higher, additional fencing may be needed around certain elements of the array, insurance costs will be greater in order to cover potential damage to the equipment and out-of-service expenses if the livestock damages any equipment, as well as an increase in insurance liability premiums when compared to facilities where only system owner authorized personnel are permitted to enter. Further, costs could be incurred in training the livestock owner and anyone they employ to safely operate within the facility.

Arguments will be made that by making these community solar facilities tax exempt, counties will be losing out on the tax revenue coming from the facilities to in turn put money back into their communities. These arguments are inaccurate because without this bill, these solar facilities are not financially viable and will not otherwise be developed. One element of the bill that is especially useful to note in response to lost revenues arguments is the requirement that the 50% tax exemption expire on December 31, 2025, when the community solar pilot program sunsets. This means that the tax exemption can only be continued if agreed upon by the General Assembly, who will have the opportunity to review the Maryland Energy Administration's mandated report of their findings and recommendations of the tax exemption which is due by December 31, 2024.

SGC Power supports HB1039 and for all the reasons above, we respectfully ask the Committee for a favorable report.

Thank you for your support, we are available for any questions you may have.

Regards,

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