



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

January 25, 2022

Committee: Senate Budget and Taxation Committee

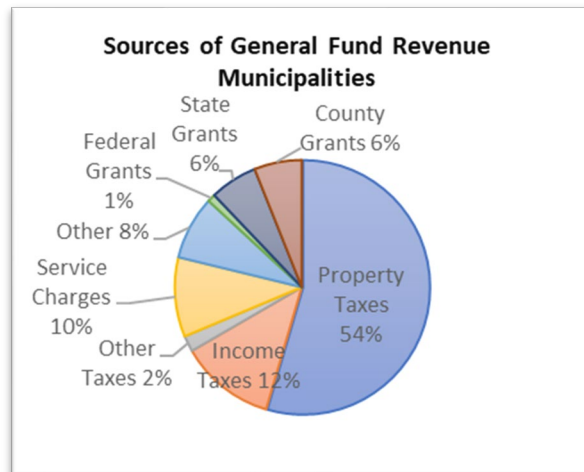
Bill: SB 264 – Community Solar Energy Generating Systems – Exemption from Energy and Property Taxes

Position: Support with Amendment

Reason for Position:

The Maryland Municipal League supports SB 264 with an amendment to authorize local governments set lower personal 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 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.

Therefore, the League respectfully requests that this committee provide SB 264 with a favorable report with the following amendments.

FOR MORE INFORMATION CONTACT:

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Suggested Amendment Language for House Bill 76
(Based on 2021 compromise in the Senate with SB 841)

Add:

Article - Tax - Property

6-302.

(b) (1) Except as provided in subsection (c) of this section, §§ 6-305 and 6-306 of this subtitle and § 6-203 of this title:

(i) there shall be a single county property tax rate for all real property subject to county property tax except for operating real property described in § 8-109(c) of this article; [and]

(ii) the county tax rate applicable to personal property and the operating real property described in § 8-109(c) of this article shall be no more than 2.5 times the rate for real property; **AND**

(III) THE COUNTY TAX RATE APPLICABLE TO SOLAR ENERGY PROPERTY PERSONAL PROPERTY THAT IS A COMMUNITY SOLAR ENERGY GENERATING SYSTEM DESCRIBED UNDER § 8-101(C) OF THIS ARTICLE MAY BE A DIFFERENT RATE FROM THE COUNTY TAX RATE APPLICABLE TO OTHER PERSONAL PROPERTY, SUBJECT TO THE LIMITATION UNDER ITEM (II) OF THIS PARAGRAPH.

Replace 7-237 (C)(2) with:

(2) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY EXEMPT, BY LAW, PERSONAL PROPERTY THAT IS A COMMUNITY SOLAR ENERGY GENERATING SYSTEM FROM THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IF THE PERSONAL PROPERTY IS:

(I) PART OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT PROVIDES AT LEAST 50% OF THE ENERGY IT PRODUCES TO LOW- OR MODERATE-INCOME CUSTOMERS, AS DEFINED IN REGULATIONS OF THE PUBLIC SERVICE COMMISSION, AT A COST THAT IS AT LEAST 20% LESS THAN THE AMOUNT CHARGED BY THE ELECTRIC COMPANY THAT SERVES THE AREA WHERE THE COMMUNITY SOLAR ENERGY GENERATING SYSTEM IS LOCATED; AND

(II) INSTALLED ON A ROOFTOP, PARKING FACILITY CANOPY, OR BROWNFIELD.