



January 19, 2022

House Bill 0076

Community Solar Energy Generation Systems – Exemption from Energy and Property Taxes

Committee: Ways and Means

Position: FAVORABLE WITH AMENDMENTS

The Anne Arundel County Administration supports HB 0076 with amendments that would enable local governments to offer personal property tax exemptions for up to 100 percent of the assessed value of machinery or equipment used by solar energy generation facilities.

HB 0076 aims to incentivize the creation of community solar projects on under-utilized sites that provide power for low-to-moderate-income residents. The Administration fully supports this expansion of personal property tax incentives for this essential group of solar energy generation facilities. We also support giving local governments the ability to provide tax incentives to other types of solar energy facilities.

Under current State law, local governments must provide a 50 percent exemption for personal property tax for any machinery or equipment used to generate electricity or steam for sale.¹ Local governments also have the ability to provide additional personal property tax relief to facilities generating electricity within their borders through a negotiated payment in lieu of taxes agreement (PILOT).²

The Administration encourages owners of solar energy generation facilities to take advantage of the tax relief provided by PILOTs. However, these PILOTs are extremely time-consuming for County staff and property owners to complete. Each PILOT must be negotiated individually, reviewed and approved by the County Council and signed by the County Executive. This adds months to a tax relief process that the General Assembly has encouraged and Anne Arundel County has embraced. Yet, local governments currently have no way to cut through this red tape and offer these exemptions more broadly.

For these reasons, the Anne Arundel County Administration requests the committee vote **FAVORABLE WITH AMENDMENTS** on HB 0076 that would enable each local governing body to expand tax incentives for other types of solar energy generation projects, and bypass the time-consuming PILOT process.

¹ § 7-237(b) of the Maryland Tax Property Article

² § 7-514(a) of the Maryland Tax Property Article