

SB 103_MD ROOFTOP SOLAR COALITION_FAV.pdf

Uploaded by: Bryson Popham

Position: FAV

Bryson F. Popham, P.A.

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January 19, 2023

The Honorable Guy Guzzone
Chairman, Senate Budget and Taxation Committee
3 West, Miller State Office Building
Annapolis, Maryland 21401

RE: Senate Bill 103- Income Tax – Maryland Residential Solar Investment Tax Credit
FAVORABLE

Dear Chairman Guzzone and Members of the Committee,

On behalf of the Maryland Rooftop Solar Coalition (MRSC), I write in support of Senate Bill 103. MRSC is comprised of solar industry businesses operating in Maryland who design, finance, sell and install rooftop solar systems in the State. Our focus on rooftop solar illustrates the fact that residential rooftops are an underutilized asset in promoting the use of solar energy in the State.

Maryland has a long history of legislative support for adding and enhancing the use of renewable sources of energy to the traditional methods of generating and distributing electricity for the citizens of our State. In 2007 we established the first solar renewable energy credit. In 2019, the General Assembly enacted the Clean Energy Jobs Act (CEJA). These are two examples of consistent efforts by the General Assembly and other policy makers to move our energy supply and usage in a sustainable and environmentally friendly direction over a number of years.

Support for this effort among the member of the General Assembly remains strong, and we note that Governor Moore has similarly expressed his support for promotion of renewable energy goals as well.

Senate Bill 103 is one example of a legislative initiative that will advance this policy. The use of tax credits and similar measures by government is a common and effective way to achieve policy goals. We therefore urge the Committee to carefully consider the approach taken in Senate Bill 103.

At the same time, we should advise the Committee that additional legislation will likely be introduced in this General Assembly to promote the use of clean, renewable energy in other ways. As an example, MRSC is working on legislation, currently in bill drafting, that will focus on a solar grant program that has existed under Maryland law for many years. Our intent will be to make the grant both more effective and to broaden the definition of low to moderate income individuals for potential grant recipients. I will be happy to discuss that initiative with any Committee member who wishes additional detail; however, our support for Senate Bill 103 demonstrates that a combination of approaches can achieve our mutual goal.

We wish to thank Senator Ellis for advancing this idea and placing it before you. We respectfully request a favorable report on Senate Bill 103.

Very truly yours,



Bryson F. Popham

cc: Ed Merrick, MRSC

Support of SB 103 - Income Tax – Maryland Resident

Uploaded by: Colby Ferguson

Position: FAV



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

January 19, 2023

To: Senate Budget & Taxation Committee

From: Maryland Farm Bureau, Inc.

Re: **Support of SB 103 - Income Tax – Maryland Residential Solar Investment Tax Credit**

On behalf of our Farm Bureau member families in Maryland, I submit this written testimony in support of SB 103. This bill would allow an individual to claim a credit against their state income tax for a taxable year for the costs of photovoltaic property that is mounted on the rooftop of residential real property owned by the individual and placed in service during the taxable year. The tax credit would not exceed the lesser of \$15,000 or 25% of the installed cost. If the credit is more than the income tax for that year, the individual can carry over and use the excess tax credit for up to 5 additional years or until the tax credit is used up. If passed, the bill would take effect on July 1, 2023 and projects installed beginning in 2023 would be eligible for the tax credit.

Currently, residential electric consumers are tax-exempt and so are manufacturing operations. Many farmers are on residential rates as the electric meter for the farm is also tied to their house. However, for those limited number of farms that have separate meters for barns and other ag uses, they are under the commercial electric rate. It is these farms that are also having sales and use tax added to their bill. This bill would exempt all farms from the sales and use tax not just the ones that have residential use meters.

Many farmers have looked into installing solar to offset their energy usage. However, the upfront cost makes it difficult to show an economic value to making this change. This type of tax credit would bring the upfront costs down and make these residential projects more affordable. To meet our renewable energy goals, we need everyone to do their part. This removes one of those hurdles for Maryland residents to participate.

MDFB Policy:

We encourage research, development, and utilization of alternative energy sources from methane, biomass, wind, nuclear, solar, hydrogen, hydro, and clean natural gas.

Additionally, we urge that this process be aided by appropriate government tax incentives.

We encourage that publicly owned lands, brownfields, rooftops, parking lots and urban areas be utilized to assist with the clean energy mandate in lieu of farmland.

MARYLAND FARM BUREAU SUPPORTS SB 103 & REQUESTS A FAVORABLE REPORT

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson

Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396

SB 103_CBF_FAV.pdf

Uploaded by: Doug Myers

Position: FAV



CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

Senate Bill 103 Income Tax – Maryland Residential Solar Investment Tax Credit

Date: January 19, 2023	Position: Support
To: Senate Budget and Taxation Committee	From: Doug Myers Maryland Senior Scientist

Chesapeake Bay Foundation (CBF) **SUPPORTS** SB 103 which a nonrefundable credit against Maryland state income tax for photovoltaic equipment purchased and installed on residential rooftops.

CBF generally supports accelerating the transition to solar power as a way to reduce greenhouse gases from the combustion of fossil fuels which are causing climate instability and oxides of nitrogen which become bay pollutants when it rains. We also feel strongly that distributed power sited near where it will be used saves significant energy used in transmission. Additionally, when compared with utility-scale solar operations residential rooftop solar arrays do not present a risk of adverse impacts on forests or the loss of environmentally beneficial farmland.¹

CBF urges the Committee’s FAVORABLE report on SB103.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

¹ For additional information on solar best practices, see “Principles and Practices for Realizing the Necessity and Promise of Solar Power.”, *Chesapeake Bay Foundation*, April 2020, <https://www.cbf.org/document-library/cbf-guides-fact-sheets/principles-and-practices-for-solar-power.pdf>

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403

The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 300,000 members and e-subscribers, including over 109,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.

SB 103 Residential Solar Tax Credit -- FAVORABLE.p

Uploaded by: KIMBERLY EGAN

Position: FAV



MARYLAND
HORSE
COUNCIL

P.O. Box 606 | Lisbon, Maryland 21797
www.mdhorsecouncil.org

One Common Bond: The Horse
One Common Voice: The Horse Council

Testimony of the Maryland Horse Council on SB 103

Income Tax – Maryland Residential Solar Investment Tax Credit – **FAVORABLE**

The Maryland Horse Council (MHC) is a membership-based trade association that represents the state-wide horse industry in Maryland. Our members include horse farms; horse related businesses; equestrian competitors; trainers; individual enthusiasts; equine-assisted therapy programs; and breed, interest, and discipline associations. We represent over 30,000 Marylanders who make their living with horses, or who just own and love them.

MHC supports SB 103 because Maryland is obliged by law to generate 14.5% of its electricity from solar power by 2030. See MD Code, Pub. Util. § 7-703. The latest data show that Maryland currently generates about 5% only of its electricity from solar power, and that residential use accounts for almost a third of Maryland's energy consumption. As a result, Maryland must increase significantly the amount of energy generated by residential solar panels to meet its renewable energy obligations.

Residences on horse farms are in more rural areas that are often in areas prone to power outages due to aging infrastructure as well as weather-related service interruptions. In addition, many horse properties are on wells, which do not operate when the power goes out. Many horse farms use diesel generators to power their wells so that they can water their horses. Increasing the incentives for horse owners to install solar panels will simultaneously reduce the amount of greenhouse gases emitted by diesel generators and help the state reach its renewable energy obligations. We urge the committee to give SB 103 a favorable report.

Respectfully submitted,

THE MARYLAND HORSE COUNCIL
(844) MDHORSE (844-634-6773)
Info@mdhorsecouncil.org

MD Catholic Conference_FAV_SB0103.pdf

Uploaded by: MJ Kraska

Position: FAV



January 19, 2023

**SB 103
Income Tax – Maryland Residential Solar Investment Tax Credit**

Senate Budget & Taxation Committee

Position: Support

The Maryland Catholic Conference (“Conference”) represents the public policy interests of the three Roman Catholic (arch) dioceses serving Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington.

Senate Bill 103 creates a nonrefundable State income tax credit for the cost of specified photovoltaic property that is mounted on the rooftop of residential real property owned by the individual. The amount of the credit may not exceed the lesser of (1) \$15,000 or (2) 25% of the installed cost of the photovoltaic property. An individual may not claim the credit for the installation of photovoltaic property for which the individual has also received a specified grant under the Solar Energy Grant Program. The credit may be carried forward for up to five years.

As Pope Francis has written, climate change “*represents one of the principal challenges facing humanity in our day*” (*Laudato Si, ’ no. 25*), threatening the wellbeing of peoples and the environment. Catholic social teaching envisions a sustainable and authentic human development, where technological solutions respect the principle of integral ecology and consider social, economic, and ecological considerations.

Senate Bill 103 aims to address the much-needed investment in renewable energy policies to be set to sustain and achieve a healthy global ecosystem. We encourage discussion around the components and goals outlined in this legislation and hope they are a catalyst for positive social and ecological outcomes.

The Conference appreciates your consideration and, for these reasons, respectfully requests a **favorable** report on Senate Bill 103.

Solar Tax Credit_SB 103_Ellis_1.19.23.docx.pdf

Uploaded by: Rebecca Rehr

Position: FAV



January 19, 2023

Kim Coble
Executive Director

2023 Maryland LCV
Board of Directors

Lynn Heller,
Chair

The Hon. Nancy Kopp,
Treasurer

Kimberly Armstrong
Mike Davis
Candace Dodson Reed
Verna Harrison
Melanie Hartwig-Davis
The Hon. Steve Lafferty
Patrick Miller
Bonnie Norman
Katherine (Kitty) Thomas

SUPPORT: SB 103 Income Tax – Maryland Residential Solar Investment Tax Credit

Mr. Chairman and Members of the Committee,

Maryland LCV supports SB 103: Income Tax - Maryland Residential Solar Investment Tax Credit. We support accelerated deployment of utility-scale, community, and residential solar and the equitable financing mechanisms to support each.

A state tax credit will make residential solar available to some Marylanders who may not have previously been able to afford it, and will incentivize those who needed another reason to install it. Inclusive outreach about these incentives will be important to equitable implementation of this initiative. The following considerations may also expand access to more low- to moderate income households by 1. making this a refundable tax credit so that people who don't owe enough taxes still benefit from the full amount, 2. setting an upper limit of income eligibility, and 3. applying the credit to residential rooftop solar built with leases or a Power Purchase Agreement.

With the enactment of the Climate Solutions Now Act (CSNA), the state is aiming to reduce greenhouse gas emissions 60% by 2031 and be net zero by 2045. Expanding the availability of and access to renewable energy is key to implementing CSNA and to putting us on a path to 100% clean energy.

A [recent article](#) estimated the yearly savings for a household in Maryland that gets all of its electricity from its solar panels is more than \$1,600, and it takes a little less than 7 years for a household to break even on their solar panel investment. A state tax credit, combined with newly increased federal tax credits, would make this turnaround even faster. A residential solar tax credit provides real economic opportunity for households and societal opportunity through reductions in GHG emissions.

We would also encourage aligning this tax credit with the federal energy storage (i.e. battery) credit so that home energy storage systems greater than 3 kWh to also qualify.

Maryland LCV urges a favorable report on SB 103.

SB103_MDSierraClub_fav 19Jan2023.docx.pdf

Uploaded by: Rosa Hance

Position: FAV



Sierra Club Maryland
P.O. Box 278
Riverdale, MD 20738

Committee: Budget and Taxation

Testimony on: SB103 Income Tax – Maryland Residential Solar Investment Tax Credit

Position: Support

Hearing Date: January 19, 2023

The Maryland Chapter of the Sierra Club supports SB103, Maryland Residential Solar Investment Tax Credit. If enacted, SB103 will allow credit against the state income tax for the costs of rooftop solar panel installation on residential property and provide for the carryover of unused credits.

Maryland's climate goals are aggressive. The 2019 Clean Energy Jobs Act set a 14% carveout for solar but we are lagging behind significantly in the growth necessary to reach that goal. In Maryland and nationwide, a top reason cited as a hurdle to rooftop solar adoption is cost. Maryland currently has a sales tax exemption, property tax exemption, net metering and SRECs that help to offset the lifetime cost of the system. However, Maryland's current \$1000 rebate program does not provide sufficient incentive to encourage widespread adoption because it does not do enough to offset the upfront costs. The flat rate does not account for the fluctuating costs of purchase and installation of various sized systems, nor does it adjust for inflation and supply chain induced price changes. SB 103 would address a current driving need in solar incentives.

The proposed Maryland tax credit will function similarly to the 2006 federal solar tax credit which was recently renewed at the 30% level in the Inflation Reduction Act until 2032.¹ This program has shown that income tax credits are effective in stimulating the growth of residential rooftop solar around the country. SB103, like the federal credit, is a simple and straightforward means of reducing a significant portion of upfront costs incurred during solar installation. This would bring net rooftop solar prices into a much more affordable range for thousands of Maryland homeowners. In 2023 it is estimated that 70% of residential solar installation in the country will be financed.² With a five year carry forward, Marylanders would be able to expect to continue to receive tax benefit over a substantial period of their loan, lessening the overall financial burden.

By comparison, New York allows for residents to credit 25% of costs of a purchased or leased solar system to their state income tax capped at \$5000 and are currently rated as #1 state for solar incentives in the nation.³ Implementing the tax incentive outlined in SB103 would make Maryland the clear best state in the nation for rooftop solar incentives. As solar installation is a hands-on trade and highly localized job market this can help stimulate the growth of the local sustainable economy.

SB 103 also helps address the land use issue as we try to balance energy development with the preservation of our open spaces, forests, waters, and working farmland, all while providing affordable and equitable access to environmentally responsible energy sources. Incentives that

¹ The Inflation Reduction Act tax credit continues through 2033 at 26% and through 2034 at 22%.

² Wood Mackenzie | Energy Research & Consultancy, <http://woodmac.com>. Accessed 15 January 2023.

³ (Jaynes et al.) *EcoWatch - For a Healthier Planet and Life*, <http://ecowatch.org>. Accessed 15 January 2023.

promote solar on rooftops and other hard surfaces are a valuable complement to programs that offer renters and low and moderate income households energy affordability. Every homeowner or renter with a solar rooftop, or access to community solar, is an increase in not only the energy independence, but of the economic independence and health of all Marylanders.

The Sierra Club supports SB103, as it takes an important step to increasing the rate of renewable energy adoption and help Maryland meet its energy goals, while advancing a policy that would support conservation goals and promote job growth across the state. Climate change is a critically important, existential problem that is essential for policy makers to address with a range of strategic, cross-cutting policies. We welcome the opportunity to work with stakeholders to address any reasonable concerns and work towards additional fiscally responsible means to drive smart growth and increase incentives for Maryland residents to swiftly adopt clean energy.

Rosa Hance
Chapter Chair
Rosa.Hance@MDSierra.org

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

SB 103_MD ROOFTOP SOLAR COALITION_FAV.pdf

Uploaded by: Sarah Joan Smith

Position: FAV

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January 19, 2023

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Chairman, Senate Budget and Taxation Committee
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Annapolis, Maryland 21401

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At the same time, we should advise the Committee that additional legislation will likely be introduced in this General Assembly to promote the use of clean, renewable energy in other ways. As an example, MRSC is working on legislation, currently in bill drafting, that will focus on a solar grant program that has existed under Maryland law for many years. Our intent will be to make the grant both more effective and to broaden the definition of low to moderate income individuals for potential grant recipients. I will be happy to discuss that initiative with any Committee member who wishes additional detail; however, our support for Senate Bill 103 demonstrates that a combination of approaches can achieve our mutual goal.

We wish to thank Senator Ellis for advancing this idea and placing it before you. We respectfully request a favorable report on Senate Bill 103.

Very truly yours,



Bryson F. Popham

cc: Ed Merrick, MRSC

SB103 - MD Residential Solar Investment tax credit

Uploaded by: Christa McGee

Position: FWA



Senate Bill 103 – Income Tax – Maryland Residential Solar Investment Tax Credit

Position: Support with Amendment

Maryland REALTORS® supports SB 103, which allows for a tax credit to be provided to individuals who have installed photovoltaic property on the roof of their residence.

REALTORS® support providing this tax credit in order to offset the costs associated among residential property owners with regards to the purchase and installation of photovoltaic property that are put into service within the applicable tax year. However, certain jurisdictions also allow residential property owners to utilize ground mounted equipment as an alternative to mounting this equipment on the roof of their residence.

By allowing for this tax credit to also be extended to residential property owners who find it more feasible to install ground mounted equipment, it would incentivize more residential property owners to become more energy efficient.

With this amendment, the Maryland REALTORS® recommends a favorable report.

For more information, contact lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

SB103_IndivisibleHoCoMD_FWA_RichardDeutschmann.pdf

Uploaded by: Richard Deutschmann

Position: FWA



SB103 – Income Tax – Maryland Residential Solar Investment Tax Credit

Testimony before

Senate Budget & Taxation Committee

January 19, 2023

Position: Favorable with Amendments

Mr. Chair, Mr. Vice Chair and members of the committee, my name is Richard Deutschmann, and I represent the 750+ members of Indivisible Howard County. We are providing written testimony today in **support of SB103 with Amendments**, to provide a tax credit for solar energy installations on residential properties. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We appreciate the leadership of Sen. Ellis for sponsoring this important legislation.

This bill provides a tax credit for solar energy equipment installed on residential structures. We are broadly in favor of legislation to spur additional renewable energy development, help fulfill the goals of the 2022 Climate Solutions Now Act, and stabilize utility bills for many. However we are also aware that low and moderate income (LMI) residents continue to need our support to achieve economic prosperity. And we know that we will need to do more with limited resources, given many important competing priorities. For these reasons, we support an amendment that would target the bulk of this tax credit to these LMI residents. This would also more closely align this legislation with the goals of the incoming Moore Administration.

Thank you for your consideration of this important legislation.

We respectfully urge a favorable with amendments committee report.

Richard Deutschmann
Columbia, MD 21045

SB0103 - MEA - INF - Residential Solar Tax Credit.

Uploaded by: Landon Fahrig

Position: INFO



Maryland Energy Administration

TO: Members, Senate Budget & Taxation Committee
FROM: Chris Rice – Acting Director, MEA
SUBJECT: SB 103 - Income Tax - Maryland Residential Solar Investment Tax Credit
DATE: January 19, 2023

MEA Position: Letter of Information

The Maryland Energy Administration (MEA) strongly supports the growth of renewable generation in the State, providing millions of dollars in funding on an annual basis to support continued growth of clean technologies such as solar photovoltaic installations. This is especially true when those installations are sited smartly; occupying rooftops, parking structures, or brownfields. However, MEA would be remiss if it did not offer the following information for the Committee's consideration prior to issuing its report.

MEA anticipates that a program of this size will require an additional three (3) PIN positions within MEA.

The bill creates a new tax credit program. The requirement that MEA adopt regulations for the program indicates that MEA will be responsible for processing applications and issuing tax certificates, similarly to the case currently with the Energy Storage Tax Credit.

Unlike the aforementioned energy storage tax credit, the new Solar Investment Tax Credit program is not limited in scope; either in total number of awards or total dollar amount of awards. Additionally, the new program is expected to be popular due to the high incentive amounts. Because of this, MEA anticipates that one (1) new Energy Program Manager as well as two (2) new Energy Specialists would be required to properly administer the program. It is unlikely that MEA can effectively administer the program with existing resources.

The bill unintentionally permits economic benefits to be gained from multiple State programs.

The language of the bill precludes an applicant from receiving both the new tax credit and a benefit via the Solar Energy Grant Program established by State Government Article § 9–2007. However, the Solar Energy Grant program referenced by the bill has not been in operation for some time. It has not received an appropriation in perhaps a decade or more. Instead, the program was supplanted by the Clean Energy Rebate Program (CERP), a non-statutory program funded via the Regional Greenhouse Gas Initiative.

Since the bill only addresses § 9–2007, and not CERP, purchasers of solar equipment would currently be eligible for both benefits.

Equity should be considered.

Only those with significant tax liabilities can take full advantage of a tax credit of the kind proposed in this bill. Currently, the average system cost for a CERP applicant is \$33,845, and this could be representative of future applications for the proposed Solar Investment Tax Credit as well. This may indicate program participants of certain means. Refundable tax credits, rebates, and grant programs tend to offer greater ability to reach low- to moderate-income households, but they also require greater administrative resources.