House Bill 1435

Renewable Energy – Net Energy Metering Aggregation, Solar Renewable Energy Credits, and Taxes on Solar Energy Generating Systems (Brighter Tomorrow Act)

MACo Position: **OPPOSE**

To: Economic Matters Committees

Date: March 7, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 1435. This bill generally provides broad tax incentives for specified solar projects, increases the maximum generating capacity for specified aggregated net-metered generating facilities, and creates an incentive program to offer certain certified systems additional solar renewable energy credits (SRECS).

While MACo appreciates the intent of the bill, counties are concerned with the carryover county fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources.

This bill extends and creates new property tax exemptions for specified solar energy generating systems, including commercial rooftop solar, and authorizes a county to enter into a payment-in-lieu-of-taxes (PILOT) for $2,500 per megawatt for ground-mounted solar systems. In addition, the bill increases the maximum generating capacity for specified aggregated net-metered generating facilities from two to five megawatts and allows an eligible customer-generator participating in meter aggregation to receive excess generation from more than one generating system. Under the bill, the Public Service Commission must establish a program to certify specified solar energy generating systems as eligible to receive additional SRECS for the lifetime of the systems.

MACo appreciates the goal of incentivizing solar panels on rooftops and parking canopies as alternatives to large-scale ground-mounted energy generation facilities. However, according to the bill's fiscal note, counties could lose millions in personal property tax revenues. Further, the fiscal note indicates that as additional solar energy generating systems come online to meet the State's ambitious climate goals, the impact on local property tax revenues will be substantially higher than the current estimate.

MACo will continue working with policymakers and stakeholders to balance the need to reach clean energy targets while protecting local revenues and ensuring local input on large solar projects to ensure communities can help guide their own historical, agricultural, and residential character. However, the bill's impact on local revenues is simply untenable, especially as counties face ballooning budget pressures to fund the Blueprint for Maryland's Future and backfill hundreds of millions of dollars in proposed cuts to local road funding.

Accordingly, MACo respectfully requests an **UNFAVORABLE** report on HB 1435.

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