

HOUSE BILL 1039

Q1

(2lr2474)

ENROLLED BILL

— *Ways and Means/Budget and Taxation* —

Introduced by **Delegate Luedtke**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Property Tax – Community Solar Energy Generating Systems – Agrivoltaics**

3 FOR the purpose of exempting certain community solar energy generating systems from
4 personal property taxes; requiring the Department of Assessments and Taxation to
5 assess certain land used by a community solar energy generating system in a certain
6 manner; requiring the governing body of a county or a municipal corporation to grant
7 a tax credit against the property tax imposed on certain real property on which a
8 community solar energy generating system is installed; establishing a tax credit
9 against the State property tax on certain real property on which a community solar
10 energy generating system is installed; requiring the Maryland Energy
11 Administration to study the effectiveness of this Act and report to the General
12 Assembly on or before a certain date; and generally relating to property taxes and
13 community solar energy generating systems.

14 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



Article – Tax – Property
Section 7–237 and 8–209(e)
Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)

BY adding to
Article – Tax – Property
Section 9–112
Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Tax – Property

7–237.

(a) Except as provided in subsection (b) of this section, personal property is exempt from property tax if the property is machinery or equipment used to generate:

(1) electricity or steam for sale; or

(2) hot or chilled water for sale that is used to heat or cool a building.

(b) Subject to § 7–514 of this title, **AND EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION**, personal property that is machinery or equipment described in subsection (a) of this section is subject to county or municipal corporation property tax on:

(1) 75% of its value for the taxable year beginning July 1, 2000; and

(2) 50% of its value for the taxable year beginning July 1, 2001 and each subsequent taxable year.

(C) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) “AGRIVOLTAICS” MEANS THE SIMULTANEOUS USE OF AREAS OF LAND FOR BOTH SOLAR POWER GENERATION AND AGRICULTURE.

(III) “BROWNFIELD” MEANS:

1. A FORMER INDUSTRIAL OR COMMERCIAL SITE IDENTIFIED BY FEDERAL OR STATE LAWS OR REGULATIONS AS CONTAMINATED OR POLLUTED; OR

1 2. A CLOSED MUNICIPAL OR RUBBLE LANDFILL
2 REGULATED UNDER A REFUSE DISPOSAL PERMIT BY THE DEPARTMENT OF THE
3 ENVIRONMENT;~~OR~~

4 ~~3. MINED LANDS AS DEFINED IN COMAR 26.21.01.01.~~

5 (IV) “COMMUNITY SOLAR ENERGY GENERATING SYSTEM” HAS
6 THE MEANING STATED IN § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE.

7 (2) THIS SUBSECTION APPLIES ~~TO~~ THROUGH THE LIFE CYCLE OF A
8 COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT:

9 (1) IS PLACED IN SERVICE AFTER JUNE 30, 2022; AND

10 (II) HAS BEEN APPROVED ON OR BEFORE DECEMBER 31, 2025,
11 BY THE PUBLIC SERVICE COMMISSION UNDER § 7-306.2 OF THE PUBLIC UTILITIES
12 ARTICLE ~~THROUGH THE LIFE CYCLE OF A SYSTEM.~~

13 (3) PERSONAL PROPERTY IS EXEMPT FROM COUNTY OR MUNICIPAL
14 CORPORATION PROPERTY TAX IF THE PROPERTY IS MACHINERY OR EQUIPMENT
15 THAT IS PART OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT:

16 (1) PROVIDES AT LEAST 50% OF THE ENERGY IT PRODUCES TO
17 LOW- TO MODERATE-INCOME CUSTOMERS AT A COST THAT IS AT LEAST 20% LESS
18 THAN THE AMOUNT CHARGED BY THE ELECTRIC COMPANY THAT SERVES THE AREA
19 WHERE THE COMMUNITY SOLAR ENERGY GENERATING SYSTEM IS LOCATED; AND

20 ~~(H)~~ (II) 1. IS USED FOR AGRIVOLTAICS; OR

21 ~~(H)~~ 2. IS INSTALLED ON A ROOFTOP, BROWNFIELD,
22 LANDFILL, OR CLEAN FILL.

23 8-209.

24 (e) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
25 MEANINGS INDICATED.

26 (II) “AGRIVOLTAICS” HAS THE MEANING STATED IN § 7-237 OF
27 THIS ARTICLE.

28 (III) “COMMUNITY SOLAR ENERGY GENERATING SYSTEM” HAS
29 THE MEANING STATED IN § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE.

(2) [The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (4) OF THIS SUBSECTION, THE Department shall establish in regulations criteria to determine if land that appears to be actively used for farm or agricultural purposes:

(i) is actually used for farm or agricultural purposes; and

(ii) qualifies for assessment under this section.

[(2)] (3) The criteria shall include:

(i) the zoning of the land;

(ii) the present and past use of the land including land under the Soil Bank Program of the United States;

(iii) the productivity of the land, including timberlands and reforested lands; and

(iv) the gross income that is derived from the agricultural activity.

(4) (I) THIS PARAGRAPH APPLIES ~~TO~~ THROUGH THE LIFE CYCLE OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT:

1. IS PLACED IN SERVICE AFTER JUNE 30, 2022; AND

2. HAS BEEN APPROVED ON OR BEFORE DECEMBER 31, 2025, AS A COMMUNITY SOLAR ENERGY GENERATING SYSTEM BY THE PUBLIC SERVICE COMMISSION UNDER § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE
~~THROUGH THE LIFE CYCLE OF A SYSTEM.~~

(II) THE DEPARTMENT SHALL ASSESS AND QUALIFY LAND THAT IS USED BY A COMMUNITY SOLAR ENERGY GENERATING SYSTEM FOR AGRIVOLTAICS AS LAND THAT IS ACTIVELY USED FOR FARM OR AGRICULTURAL PURPOSES.

9-112.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "BROWNFIELD" HAS THE MEANING STATED IN § 7-237 OF THIS ARTICLE.

(3) "QUALIFIED PROPERTY" MEANS A BROWNFIELD, LANDFILL, OR CLEAN FILL ON WHICH A COMMUNITY SOLAR ENERGY GENERATING SYSTEM, AS DEFINED UNDER § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE, IS INSTALLED.

(B) (1) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY AND THE GOVERNING BODY OF EACH COUNTY AND OF EACH MUNICIPAL CORPORATION SHALL GRANT A PROPERTY TAX CREDIT UNDER THIS SECTION AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON A QUALIFIED PROPERTY.

(2) IN ADDITION TO THE PROPERTY TAX CREDIT PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THERE IS A CREDIT AGAINST THE STATE PROPERTY TAX THAT IS IMPOSED ON QUALIFIED PROPERTY.

(C) THE AMOUNT OF THE PROPERTY TAX CREDIT ALLOWED UNDER THIS SECTION SHALL EQUAL 50% OF THE STATE, COUNTY, OR MUNICIPAL CORPORATION PROPERTY TAX THAT IS IMPOSED ON THE ELIGIBLE ASSESSMENT OF QUALIFIED PROPERTY.

(D) THE PROPERTY TAX CREDIT UNDER THIS SECTION MAY BE GRANTED ONLY ~~FOR QUALIFIED PROPERTY ON WHICH THE INSTALLATION OF A~~ THROUGH THE LIFE CYCLE OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM IF THE SYSTEM INSTALLED ON THE QUALIFIED PROPERTY:

(1) IS PLACED IN SERVICE AFTER JUNE 30, 2022; AND

(2) HAS BEEN APPROVED BY THE PUBLIC SERVICE COMMISSION UNDER § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE ON OR BEFORE DECEMBER 31, 2025, ~~THROUGH THE LIFE CYCLE OF THE SYSTEM.~~

(E) ON OR BEFORE JUNE 15 EACH YEAR, THE DEPARTMENT SHALL SUBMIT TO THE PUBLIC SERVICE COMMISSION A LIST THAT INCLUDES:

(1) THE LOCATION OF EACH QUALIFIED PROPERTY;

(2) THE AMOUNT OF THE BASE YEAR VALUE FOR EACH QUALIFIED PROPERTY; AND

(3) THE AMOUNT OF THE PROPERTY TAX ASSESSED AGAINST EACH QUALIFIED PROPERTY.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The Maryland Energy Administration shall study the effectiveness of the tax incentives established in this Act on encouraging community solar energy generating systems to be installed on rooftops, brownfields, landfills, and clean fills and used for agrivoltaics.

(b) On or before December 31, 2024, the Maryland Energy Administration shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on its findings and recommendations based on the study conducted under this section.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2022, and shall be applicable to all taxable years beginning after June 30, 2022.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.