

SENATE BILL 841

Q1, Q2

1lr2101
CF HB 954

By: **Senators Hershey, Feldman, and Guzzone**

Introduced and read first time: February 9, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Solar Energy Systems**

3 FOR the purpose of establishing certain solar energy property as a subclass of personal
4 property; providing that the county tax rate applicable to certain solar energy
5 property may be a different rate from the county tax rate applicable to other personal
6 property, subject to a certain limitation; exempting personal property that is a
7 certain community solar energy generating system from a county or municipal
8 corporation property tax under certain circumstances; prohibiting the supervisor of
9 assessments for a county, when valuing income producing real property, from
10 considering the value of certain income attributable to the installation of a certain
11 community solar energy generating system; defining a certain term; providing for
12 the application of this Act; and generally relating to property taxes and solar energy
13 systems.

14 BY repealing and reenacting, without amendments,
15 Article – Public Utilities
16 Section 7–306.2(a)(1) and (3)
17 Annotated Code of Maryland
18 (2020 Replacement Volume and 2020 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – Property
21 Section 6–302(b)(1) and 8–101(c)
22 Annotated Code of Maryland
23 (2019 Replacement Volume and 2020 Supplement)

24 BY adding to
25 Article – Tax – Property
26 Section 7–402 and 8–105(a)(4)
27 Annotated Code of Maryland
28 (2019 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY repealing and reenacting, without amendments,
Article – Tax – Property
Section 8–101(a) and 8–105(a)(1)
Annotated Code of Maryland
(2019 Replacement Volume and 2020 Supplement)

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

Article – Public Utilities

7–306.2.

(a) (1) In this section the following words have the meanings indicated.

(3) “Community solar energy generating system” means a solar energy
system that:

(i) is connected to the electric distribution grid serving the State;

(ii) is located in the same electric service territory as its subscribers;

(iii) is attached to the electric meter of a subscriber or is a separate
facility with its own electric meter;

(iv) credits its generated electricity, or the value of its generated
electricity, to the bills of the subscribers to that system through virtual net energy
metering;

(v) has at least two subscribers but no limit to the maximum number
of subscribers;

(vi) does not have subscriptions larger than 200 kilowatts
constituting more than 60% of its subscriptions;

(vii) has a generating capacity that does not exceed 2 megawatts as
measured by the alternating current rating of the system’s inverter; and

(viii) may be owned by any person.

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 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.

7–402.

(A) IN THIS SECTION, “COMMUNITY SOLAR ENERGY GENERATING SYSTEM” HAS THE MEANING STATED IN § 7–306.2 OF THE PUBLIC UTILITIES ARTICLE.

(B) PERSONAL PROPERTY THAT IS A COMMUNITY SOLAR ENERGY GENERATING SYSTEM IS NOT SUBJECT TO A COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IF THE PERSONAL PROPERTY IS INSTALLED:

(1) ON THE ROOFTOP OF A STRUCTURE;

(2) OVER A PARKING GARAGE, SURFACE PARKING LOT, OR ROADWAY;

OR

(3) ON PROPERTY THAT HAS AN EXISTING NONPARASITIC ELECTRIC LOAD.

8–101.

(a) For assessment purposes, property shall be divided into classes and subclasses.

(c) Personal property is a class of property and is divided into the following subclasses:

(1) stock in business;

(2) distilled spirits;

(3) operating personal property of a railroad;

(4) operating personal property of a public utility that is machinery or equipment used to generate electricity or steam for sale;

(5) all other operating personal property of a public utility;

(6) machinery and equipment, other than operating personal property of a public utility, that is used to generate:

(i) electricity or steam for sale; or

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

[and]

(7) SOLAR ENERGY PROPERTY THAT IS INSTALLED TO USE SOLAR ENERGY TO GENERATE ELECTRICITY, OTHER THAN SOLAR ENERGY PROPERTY INSTALLED ON THE ROOFTOP OF A STRUCTURE, OVER A PARKING GARAGE, SURFACE PARKING LOT, OR ROADWAY, OR ON PROPERTY THAT HAS AN EXISTING NONPARASITIC ELECTRIC LOAD; AND

(8) all other personal property that is directed by this article to be assessed.

8–105.

(a) (1) Except for land that is actively devoted to farm or agricultural use, the supervisor:

(i) may value income producing real property by using the capitalization of income method or any other appropriate method of valuing the real property; and

(ii) shall consider an income method in valuing income producing commercial real property.

(4) IN DETERMINING THE VALUE OF REAL PROPERTY, THE SUPERVISOR MAY NOT CONSIDER THE VALUE OF INCOME, INCLUDING INCOME RELATED TO RIGHTS TO USE THE UNDERLYING REAL PROPERTY ATTRIBUTABLE TO THE INSTALLATION OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM, AS DEFINED IN § 7–306.2 OF THE PUBLIC UTILITIES ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2021, and shall be applicable to all taxable years beginning after June 30, 2021.