

## Chapter 415

## (House Bill 76)

AN ACT concerning

**Community Solar Energy Generating Systems – Exemption From ~~Energy and~~ Property Taxes**

FOR the purpose of exempting certain community solar energy generating systems from ~~local energy taxes and~~ personal property taxes; ~~prohibiting the supervisor of a county or a municipal corporation from accepting applications for the exemption after a certain date; requiring the State Department of Assessments and Taxation to report annually certain information to certain committees of the General Assembly; and generally relating to tax exemptions~~ an exemption from the personal property tax for community solar energy generating systems.

~~BY adding to~~~~Article – Local Government~~~~Section 20-203 to be under the amended subtitle “Subtitle 2. Limitations on Authority to Tax”~~~~Annotated Code of Maryland~~~~(2013 Volume and 2021 Supplement)~~

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 7-237

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 – Local Government**~~~~Subtitle 2. Limitations on Authority to Tax [Advertising].~~~~**20-203.**~~

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

~~(2) “BROWNFIELD” MEANS:~~

~~(i) A FORMER INDUSTRIAL OR COMMERCIAL SITE IDENTIFIED BY FEDERAL OR STATE LAWS OR REGULATIONS AS CONTAMINATED OR POLLUTED;~~

~~(II) A CLOSED MUNICIPAL OR RUBBLE LANDFILL REGULATED UNDER A REFUSE DISPOSAL PERMIT BY THE MARYLAND DEPARTMENT OF THE ENVIRONMENT; OR~~

~~(III) MINED LANDS AS DEFINED IN COMAR 26.21.01.01.~~

~~(3) “COMMUNITY SOLAR ENERGY GENERATING SYSTEM” HAS THE MEANING STATED IN § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE.~~

~~(4) “ELECTRIC COMPANY” HAS THE MEANING STATED IN § 1-101 OF THE PUBLIC UTILITIES ARTICLE.~~

~~(B) NOTWITHSTANDING ANY OTHER LAW, A TAX IMPOSED BY A POLITICAL SUBDIVISION OF THE STATE ON THE SALE, USE, DELIVERY, DISTRIBUTION, PRODUCTION, OR CONSUMPTION OF ENERGY DOES NOT APPLY TO ENERGY PRODUCED BY A COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT:~~

~~(1) PROVIDES AT LEAST 50% OF THE ENERGY IT PRODUCES TO LOW OR MODERATE INCOME CUSTOMERS, AS DEFINED IN REGULATIONS OF THE PUBLIC SERVICE COMMISSION, AT A COST THAT IS AT LEAST 20% LESS THAN THE AMOUNT CHARGED BY THE ELECTRIC COMPANY THAT SERVES THE AREA WHERE THE COMMUNITY SOLAR ENERGY GENERATING SYSTEM IS LOCATED; AND~~

~~(2) IS INSTALLED ON A ROOFTOP, PARKING FACILITY CANOPY, OR BROWNFIELD.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, 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) “BROWNFIELD” MEANS:

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

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

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

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

(IV) “ELECTRIC COMPANY” HAS THE MEANING STATED IN § 1-101 OF THE PUBLIC UTILITIES ARTICLE.

(2) PERSONAL PROPERTY IS EXEMPT FROM COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IF THE PROPERTY IS MACHINERY OR EQUIPMENT THAT:

(I) AS DEFINED IN REGULATION OF THE PUBLIC SERVICE COMMISSION, IS PART OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT:

1. HAS A GENERATING CAPACITY THAT DOES NOT EXCEED 2 MEGAWATTS AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM’S INVERTER; AND

2. PROVIDES AT LEAST 50% OF THE ENERGY IT PRODUCES TO LOW- OR MODERATE-INCOME CUSTOMERS, ~~AS DEFINED IN REGULATIONS OF THE PUBLIC SERVICE COMMISSION~~, AT A COST THAT IS AT LEAST 20% LESS THAN THE AMOUNT CHARGED BY THE ELECTRIC COMPANY THAT SERVES

THE AREA WHERE THE COMMUNITY SOLAR ENERGY GENERATING SYSTEM IS LOCATED; AND

(II) IS INSTALLED ON A ROOFTOP, PARKING FACILITY CANOPY, OR BROWNFIELD.

(3) PERSONAL PROPERTY THAT RECEIVES AN EXEMPTION UNDER THIS SUBSECTION IS EXEMPT FROM COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX FOR EACH TAXABLE YEAR IN WHICH THE PROPERTY CONTINUES TO MEET THE REQUIREMENTS FOR THE EXEMPTION UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(4) THE SUPERVISOR OF A COUNTY OR A MUNICIPAL CORPORATION MAY NOT ACCEPT AN APPLICATION FROM A PROPERTY OWNER FOR THE EXEMPTION UNDER THIS SUBSECTION AFTER DECEMBER 31, 2024.

(5) ON OR BEFORE OCTOBER 1 EACH YEAR, THE DEPARTMENT SHALL REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE AND THE HOUSE WAYS AND MEANS COMMITTEE, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE NUMBER AND LOCATION OF PROJECTS THAT, IN THE IMMEDIATELY PRECEDING TAXABLE YEAR, HAVE RECEIVED THE EXEMPTION UNDER THIS SUBSECTION.

~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after June 30, 2022.~~

~~SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take effect July 1, 2022.~~

~~SECTION 5. 2. AND BE IT FURTHER ENACTED, That, except as provided in Section 4 of this Act, this Act shall take effect June 1, 2022, and shall be applicable to all taxable years beginning after June 30, 2022.~~

Approved by the Governor, May 16, 2022.