



Senate Bill 841

Property Tax – Community Solar Energy Generating Systems

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Ways and Means Committee

Date: March 30, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 841 WITH AMENDMENTS**. This bill generally enables local governments to grant broad tax exemptions for specified community solar energy generating systems. The bill also designates certain solar energy property as a new subclass of personal property, and authorizes local governments to adjust personal property tax rates on solar energy equipment.

MACo generally supports legislation that provides local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources. Counties appreciate the Senate amendments to authorize rather than require local governments to grant tax exemptions for certain community solar equipment, as mandated tax exemptions require counties to forego meaningful local revenues to support essential public services, even if the exemptions do not serve their best interests.

As amended, SB 841 provides local governments with the flexibility to exempt specified community solar energy generating system property from the county or municipal personal property tax, designates certain solar energy property as a new subclass of personal property, enables local governments to impose a separate personal property tax rate on certain community solar energy equipment, and prohibits the State Department of Assessments and Taxation (SDAT) from considering the value of income attributable to the installation of a community solar energy generating system when determining a personal property assessment.

Counties appreciate the bill's flexibility with personal property tax rates on solar energy equipment, as many counties are interested in promoting community solar on rooftops, brownfields, or less desirable lands as alternatives to large-scale energy generation facilities. However, MACo requests an amendment to strike language that prohibits SDAT from considering the income attributable to a community solar energy generating system when determining a personal property assessment, as this provision would result in a significant decrease in state and local property tax revenues.

Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input. Accordingly, MACo urges the Committee to give a **FAVORABLE WITH AMENDMENTS** report on SB 841 (proposed amendment included on the next page).

MACo Proposed Amendment to SB 841

AMENDMENT NO. 1

On page 5, strike in their entirety lines 1 through 5, inclusive.