

SENATE BILL 860

Q1

2lr2875
CF HB 1039

By: **Senator King**

Introduced and read first time: February 7, 2022

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 20, 2022

CHAPTER _____

1 AN ACT concerning

2 ~~Property Tax~~ **Solar Energy – School Construction and Community Solar**
3 **Energy Generating Systems – Agrivoltaics**

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

17 BY repealing and reenacting, with amendments,

18 Article – Education

19 Section 5–312(c)

20 Annotated Code of Maryland

21 (2018 Replacement Volume and 2021 Supplement)

22 BY repealing and reenacting, with amendments,

23 Article – Tax – Property

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.



1 Section 7–237 and 8–209(e)
 2 Annotated Code of Maryland
 3 (2019 Replacement Volume and 2021 Supplement)

4 BY adding to
 5 Article – Tax – Property
 6 Section 9–112
 7 Annotated Code of Maryland
 8 (2019 Replacement Volume and 2021 Supplement)

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

11 **Article – Education**

12 5–312.

13 (c) **(1) [Except] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AND**
 14 **EXCEPT** as provided in subsection (d) of this section, a new school that receives State public
 15 **school construction funds shall be constructed to be a high performance building.**

16 **(2) (I) FOR EACH SCHOOL CONSTRUCTED BY A LOCAL SCHOOL**
 17 **SYSTEM FROM JULY 1, 2024, THROUGH JUNE 30, 2033, INCLUSIVE, THE LOCAL**
 18 **SCHOOL SYSTEM SHALL CONSIDER WHETHER THE SCHOOL SHOULD BE**
 19 **CONSTRUCTED WITH SOLAR PANELS ON THE ROOF OF THE SCHOOL.**

20 **(II) IF, AFTER CONSIDERING INSTALLING SOLAR PANELS**
 21 **UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, A LOCAL SCHOOL SYSTEM DECIDES**
 22 **NOT TO CONSTRUCT SOLAR PANELS ON THE ROOF OF THE SCHOOL, THE LOCAL**
 23 **SCHOOL SYSTEM SHALL PROVIDE TO THE INTERAGENCY COMMISSION**
 24 **INFORMATION REGARDING WHY THE SCHOOL SYSTEM CHOSE NOT TO CONSTRUCT**
 25 **SOLAR PANELS ON THE ROOF OF THE SCHOOL.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
 27 as follows:

28 **Article – Tax – Property**

29 7–237.

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

32 (1) electricity or steam for sale; or

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

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

4 (1) 75% of its value for the taxable year beginning July 1, 2000; and

5 (2) 50% of its value for the taxable year beginning July 1, 2001 and each
6 subsequent taxable year.

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

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

11 **(III) “BROWNFIELD” MEANS:**

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

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

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

19 **(IV) “COMMUNITY SOLAR ENERGY GENERATING SYSTEM” HAS**
20 **THE MEANING STATED IN § 7–306.2 OF THE PUBLIC UTILITIES ARTICLE.**

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

23 **(I) IS PLACED IN SERVICE AFTER JUNE 30, 2022; AND**

24 **(II) HAS BEEN APPROVED ON OR BEFORE DECEMBER 31, 2025,**
25 **BY THE PUBLIC SERVICE COMMISSION UNDER § 7–306.2 OF THE PUBLIC UTILITIES**
26 **ARTICLE ~~THROUGH THE LIFE CYCLE OF A SYSTEM.~~**

27 **(3) PERSONAL PROPERTY IS EXEMPT FROM COUNTY OR MUNICIPAL**
28 **CORPORATION PROPERTY TAX IF THE PROPERTY IS MACHINERY OR EQUIPMENT**
29 **THAT IS PART OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT:**

30 **(I) IS USED FOR AGRIVOLTAICS; OR**

1 (II) IS INSTALLED ON A ROOFTOP, BROWNFIELD, LANDFILL, OR
2 CLEAN FILL.

3 8–209.

4 (e) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
5 MEANINGS INDICATED.

6 (II) “AGRIVOLTAICS” HAS THE MEANING STATED IN § 7–237 OF
7 THIS ARTICLE.

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

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

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

14 (ii) qualifies for assessment under this section.

15 [(2)] (3) The criteria shall include:

16 (i) the zoning of the land;

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

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

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

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

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

25 2. HAS BEEN APPROVED ON OR BEFORE DECEMBER 31,
26 2025, AS A COMMUNITY SOLAR ENERGY GENERATING SYSTEM BY THE PUBLIC
27 SERVICE COMMISSION UNDER § 7–306.2 OF THE PUBLIC UTILITIES ARTICLE
28 ~~THROUGH THE LIFE CYCLE OF A SYSTEM.~~

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

4 **9-112.**

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

7 **(2) “BROWNFIELD” HAS THE MEANING STATED IN § 7-237 OF THIS**
8 **ARTICLE.**

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

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

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

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

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

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

28 **(2) HAS BEEN APPROVED BY THE PUBLIC SERVICE COMMISSION**
29 **UNDER § 7-306.2 OF THE PUBLIC UTILITIES ARTICLE ON OR BEFORE DECEMBER**
30 **31, 2025, ~~THROUGH THE LIFE CYCLE OF THE SYSTEM.~~**

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

1 **(1) THE LOCATION OF EACH QUALIFIED PROPERTY;**

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

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

6 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That:

7 (a) The Maryland Energy Administration shall study the effectiveness of the tax
8 incentives established in Section 2 of this Act on encouraging community solar energy
9 generating systems to be installed on rooftops, brownfields, landfills, and clean fills and
10 used for agrivoltaics.

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

15 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
16 applicable to all taxable years beginning after June 30, 2022.

17 SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 June 1, 2022, ~~and shall be applicable to all taxable years beginning after June 30, 2022.~~

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.