

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 –~~Agri~~voltaies**

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.

(b) Subject to § 7-514 of this title, **AND EXCEPT AS PROVIDED IN SUBSECTION F THIS SECTION**, personal property that is machinery or equipment described in section (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

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.

(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

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.

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

(I) IS USED FOR AGBIVOLTAICS: OR

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.

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:

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

4 9-112.

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

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.

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) THE LOCATION OF EACH QUALIFIED PROPERTY;

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

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.

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 3. 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.