

**PA13-61**

SB0203

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**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**ENERGY AND  
TECHNOLOGY  
PART 2  
351 - 678**

**2013**

TED DIESEL: I only know North East Utilities  
Publishes these practices.

SENATOR DUFF: Thank you. Any other members of the  
committee have questions? No. Thank you Sir.

TED DIESEL: Thank you Senator.

SENATOR DUFF: Lisa Pelligrini, followed by Elin  
Swanson Katz followed by DIRECTOR ARTHUR HOUSE.  
Lisa here? Good morning. Can you turn your  
microphone on please?

LISA PELLIGRINI: Should I begin over again or?

SENATOR DUFF: Please.

LISA PELLIGRINI: Okay. Well, good morning  
everybody. My name is Lisa Pelligrini and I am  
the First Selectman of the town of Somers. I  
am here on behalf of the Connecticut Conference  
of Municipalities which is CCM. CCM is  
Connecticut's statewide of association of towns  
and cities and the voice of local government,  
your partners in governing Connecticut. Our  
members represent over 92 percent of the  
Connecticut's population.

I greatly appreciate the opportunity to discuss  
two bills of importance to CCM and to the Town  
of Somers. They include Senate Bill 203 which  
is AN ACT CONCERNING PROPERTY TAX EXEMPTIONS  
FOR RENEWABLE ENERGY SOURCES and Senate Bill  
949: AN ACT ESTABLISHING COMMERCIAL AND  
INDUSTRIAL PROPERTY TAX EXEMPTIONS FOR CLEAN  
ENERGY PROJECTS.

Excuse me. While we appreciate the intent of  
SB 203, the proposal has far reaching  
consequences, as it would add yet another item  
to the ever increasing list of state mandated

property tax exemptions by exempting property taxes for any renewable energy project located at commercial and industrial properties. The more prudent method would be to allow the municipalities the option to exempt such facilities, as opposed -- as proposed in SB 949.

Current law provides property tax exemptions for homeowners and farms that install solar energy. The state imposed obligations and state imposed revenue due to property tax exemption losses force -- force all municipalities to increase their property tax rates. A list of exemptions is enclosed in the packet there.

And please do not misunderstand; CCM is a proponent of renewable energy, and I'm a huge proponent of renewable energy, especially solar. However, the host community should be afforded the opportunity to decide whether a commercial or industrial property -- regardless of whether it is a five acre or a hundred acre generation facility -- should be exempt from local property taxes.

Personally, I have spearheaded the installation of two large solar projects. One on our -- one on our elementary school and another on our Department of Public Works building, as well as expanded a solar project on our fire house.

A broad, statewide property tax exemption has far reaching consequences. For instance, Somers has a five acre private solo -- solar phototech installation being installed by a private developer on approximately 40 acres of private land. In discussion with the developer, it is valued at approximately \$15 million.

They have received substantial funding, over fifty percent from what I understand, from both the federal and the state government to build this system and will receive very generous tax credits for us to 30 years. In addition, while the system will generate enough power for over 600 homes, the company will be the only beneficiary that will enjoy the benefits of power generated of the facility. No power will be net metered to any municipal buildings. No power will go to residential homes specifically located in Somers. The town will not see any new job created and the residents will not see a reduction in their electric bill.

The estimated loss of revenue to our town -- if the instillation is exempted from property taxes -- would be \$2.5 million over 19 years. This would be coupled with the proposed budget loss from OILOT and Pequot funds which are estimated at just over \$2.9 million for Somers, along with an additional \$1.8 million loss from the motor -- motor vehicle tax. Somers annual budget, our town budget is \$6.9 million. If you include the Board of Education budget it is approximately \$29 million dollars total both school and Board of Ed. With property tax collection at an average of \$135,000 per year, this is a substantial bite into our budget.

In these difficult budget times, towns and cities are required to do more with less. To freely give tax exemptions without looking into long term effects, would only increase the tax burden on the home owners in communities and jeopardize local services.

Therefore, I urge you to oppose Senate Bill 203. I thank you for your time and consideration of this matter.

SENATOR DUFF: Thank you very much. Any questions from members of the committee? Representative Hoydick.

REP. HOYDICK: Thank you Mr. Chairman and thank you for testifying today Ms. Pelligrini. Could you explain how Somers will be affected by Bill 949 with the assessment going back to October of 2011?

LISA PELLIGRINI: What I have here is I have a list that you might already have included that was done my assessor and it -- it lists the tax revenue per year for 19 years. So right now I have for the grand list of 2013. Unfortunately I don't have the earlier numbers. But the first year tax bill in personal property tax would be \$233,415. And it averages in the two hundreds until year forward it drops down to about \$187,000. It continues on until it reaches about year 2020 where it would end up going to \$90,000. And then it would drop increased in the year 2024 to \$102,000 and then increase a little bit more in year 2030. If you take an average of everything throughout the 19 years the estimated tax bill is -- is \$135,000 to 58 per year. But again when you're -- you're taking a look at this, Somers is a very, very small town. Every cent of revenue is absolutely critical and to just have this exempted without any say so from the town is just -- it just doesn't make sense.

REP. HOYDICK: I -- I understand that and that's more in Senate Bill 203 that it would be --

LISA PELLIGRINI: Uh huh.

REP. HOYDICK: -- it would be a shall exemption instead of a may.

LISA PELLIGRINI: Yes, I think --

REP. HOYDICK: -- I think in 949 --

LISA PELLIGRINI: -- Oh, okay. So if -- if --

REP. HOYDICK: -- The question, I'm sorry the question that I had is in comparing the two bills, Senate Bill 203 goes back to October of 2012. In 949 it goes back to any instillation from July 2011 and then assess as of October 2011 --

LISA PELLIGRINI: Uh huh.

REP. HOYDICK: -- and if you were to enact those and give this exemption how would that have -- how would that -- that would negatively affected your property values and how would you have recovered from that? You would have --

LISA PELLIGRINI: We would have -- we would have to raise taxes obviously.

REP. HOYDICK: Well you would have to give money back or reduce the assessment or give a credit on the --

LISA PELLIGRINI: Yes.

REP. HOYDICK: -- assessment correct? Is that --

LISA PELLIGRINI: That's correct however I -- to just clarify the facility is not yet built. It is being built, so -- but yes if it -- if it was yes then we'd probably have to, yes.

SENATOR DUFF: Thank you. Representative Hoydick --  
I mean -- Reed.

REP. REED: Loni. Welcome. Thank you. So just trying to bring a larger conversation, this is -- this is a conversation we have a lot about how do we incentivize these renewables and you know, these kinds of projects and -- and actually have municipalities create a sense of a value added in the municipality that they would choose not to tax these kinds of things which would encourage companies to do them or to actually even move into your community if they had an intention of doing it.

LISA PELLIRGINI: Uh Huh.

REP. REED: It feels as if there's a bigger conversation to be had with CCM and municipalities in general on some language that would kind of expedite this process and -- and -- and make -- make it feel beneficial to communities without making them feel as if they're sacrificing. Because -- otherwise they're not going to -- those projects aren't going to come to your town. Do you have any thought about that?

LISA PELLIGRINI: And what I feel is like I think if -- if you take a look at Somers, Somers had -- has a lot of open space if you were to do a large solar instillation -- again this proposed site is a 50 megawatt, okay? You need the space so in cities you're going to end up doing that on rooftops and Roofs, you know -- degrade and they do have -- you know they do have to be replaced after a certain number of years and in small communities where you have a lot of open space and a lot of farm land it makes sense to do ground mount solar systems, it just makes sense. They are easy to secure to with fencing

and what have you. So, I -- I think that rural areas are always going to be a place that companies are going to want to put them. However what we -- what I as a municipal leader have -- have an issue with is this just not having the choice to exempt the personal property tax. That should be something that the Board of Selectmen or the town council of that town should really have a conversations with -- with the company. In this case I've had several meetings with the developer and it went -- you know I just like hey this is a great project. I think it's wonderful. It really puts Somers on the map, it leads us in Connecticut, it makes Connecticut a leader -- a leader in solar power, it really does. But the whole thing is -- is you know, let's see what's fair for the community. If there were a lot of jobs that were to increase that be wonderful. You know there -- there's a certain give and take that the developer should have with -- with the town government and we'd just like to have the opportunity to just say yes or no to that rather than having it be mandated that it's exempt.

REP. REED: So a voluntary enabling language would be something you would not oppose?

LISA PELLIGRINI: Yes, I wouldn't oppose. Do I -- yes. I mean, would I personally do it? You know, well that -- that's another story. I'd have to have a conversation you know with my board and everything but yes don't -- just don't give give -- don't vote on a bill that -- that gives the elimination of any possibility of the towns to have any type of voice on taxes. It just -- it's just not right, it doesn't make sense because it directly affects each and every single home owner in our town.

REP. REED: Thank you for your testimony.

LISA PELLIGRINI: Thank you.

REP. REED: Thank you Mr. Chairman.

SENATOR DUFF: Thank you Representative Reed, I appreciate it. Any other Representative -- Representative Steinberg.

REP. STEINBERG: Thank you Mr. Chair. Along the same lines we are obviously very sensitive to the budget pressures of municipalities are facing right now --

LISA PELLIGRINI: Uh huh.

REP. STEINBERG: -- and yet as Representative Reed brought up we're also excited by -- encouraging renewable energy projects across the state for the reasons you so eloquently explained. Without Kind Solomon here, is there some way for the municipality and the developer to share the interests? Would you be amenable to something that might amount to a cap on the amount of exemption but on an absolute dollar basis or is it percent of the overall tax liability such that at least there's some incentive for the developer in that context?

LISA PELLIGRINI: Well I think there's a couple of different things; my conversations originally was the developer that would -- is there any way that we could do some net metering capabilities. We do have town land that was adjacent to the facility. At the time they were not open to that, they wanted a total exemption. They did bring in a lot of news clips and links that I can take a look at through other states and other smaller towns where they had exempted personal property taxes

for different instillations, not one of theirs specifically.

And the -- the only reason that I knew how much money that I was possibly be losing is because we did put in a large solar instillation on our town buildings and I know how much they're worth. So I -- I think what's important to realize is that a developer will try -- will come in and they have a goal in mind -- they want to get as much tax savings, as much incentive as possible and they'll come in and they will go Solar is a wonderful thing. Solar is a great thing and personally I agree, I do but the whole thing is that you have to look at both sides.

You have to look at what's good for the community, what's good for the people that live in the community and then also what's good for the developer because you do want to generate something like this. As far as capping -- you know, just -- make it so that it really falls on the municipalities. Give them the decision if they wanted to cap or not. Some communities might want to, others might not. Well put that in the hands of the local government because they have a vested interest since the facility is going into -- into their community.

REP. STEINBERG: So if -- if I understand you by changing this legislation make it enabling to give municipalities the option that would increase your leverage in negotiation potentially with the developer to find something that's good for the municipality and good for the developer.

LISA PELLIGRINI: Yeah, I think if -- if the legislature does not want to just totally eliminate the exemptions you know there's give

and take in everything. But -- but give that power to the communities because then they'll be able to negotiate something with the developer and it may be that it will end up to be a win-win situation. So if you're asking me what's -- what is better to either totally exempt everything or to do a possibility of you know, giving the communities the power to do that then yes, I would do that. Yes, I would let us make our own decisions.

REP. STEINBERG: Thank you for your testimony.

LISA PELLIGRINI: Thank you so much.

SENATOR DUFF: Thank you Representative. Any other questions? Thank you so much.

LISA PELLIGRINI: Thank you so much, have a good day.

SENATOR DUFF: Elin, followed by DIRECTOR ARTHUR HOUSE.

CONSUMER COUNSEL ELIN SWANSON KATZ: Good morning. Thank you for having me. Chairman Duff, Chairman Reed and the rest of the committee. I'm Elin Katz, the Consumer Council for the State of Connecticut and I wanted to speak today with my time on our proposal 6470: AN ACT CONCERNING CLARITY OF ELECTRIC RETAIL OFFERING TERMS. This is provision which we drafted and we are very pleased to support it before the Energy and Technology Committee Today. Specifically this proposal would require electric suppliers to indicate on a conspicuous part of any advertisement or disclosure that includes an advertised price the expiration of the term of such advertised price using the same font size and color as is used for the advertised price. I can state

SB 203  
SB 949

REP. HOYDICK: -- but I do know you can bl -- there's certain products that are available commercially and I don't know if it transfers to a residential -- customer. But, I did want to ask you another question on 949 Senate Bill 949 which is what we were just talking about basically before with

CONSUMER COUNSEL ELIN SWANSON KATZ: Yes.

REP. HOYDICK: Tax exemption on renewable energy (inaudible) renewable projects and I just wondered what your thoughts were on that. I didn't get to read your testimony so if you could share that with us please.

CONSUMER COUNSEL ELIN SWANSON KATZ: Yes. If you could just give me a second to get out our testimony, I'm sure what we said was brilliant I just don't remember at this minute what it was.

REP. HOYDICK: Are you saying it's brilliant because Bryan is still in the room some place?

CONSUMER COUNSEL ELIN SWANSON KATZ: Oh yes. With respect to 203 and 949 we are -- we are generally supportive of the concept of exempting clean energy sources from property taxes either unconditionally or with limits. I -- I understand the concern that was raised by the First Selectwoman from Somers. On the other hand, there are aggressive RPS goals for the state that we need to find a way to support. We -- it's our understanding that some commercial and industrial customers who follow the state's goals by installing solar panels have had the unfortunate surprise of

finding that their property tax increased drastically reduces or reverses the energy saving so you know, as a matter of policy it's -- it may be difficult to continue to promote the instillation of clean energy sources at commercial and industrial sites if the savings or at least some of the savings cannot be preserved for the installer.

REP. HOYDICK: It's -- it's a difficult issue. We have a balancing act between competing needs between the state and local level. That's why we were just discussing perhaps there would be a way to you know, set some parameters on what the (inaudible) exemption could be but I think if the state is hoping to meet its RPS goals -- we do -- I'm sure -- Bryan Garcia from Suffield will be expanding on this further -- but we do think there needs to be some degree of exemption for clean energy sources.

SENATOR DUFF: Thank you, Representative Steinberg.

REP. STEINBERG: Thank you Mr. Chair. I'd like to follow up just for a second on -- I think the thrust of the question that Representative Backer was asking. You brought up what might be one of the more extreme examples where the market may offer monthly variable rates and we are all living in a world where we seem to have a measure of stability based upon the nice low price of natural gas right now but given the many opportunities for increased demand that seem to be in the offing we may see greater volatility in that -- in that price as time goes on which would expose consumers to greater volatility in the market place as well for this variable rate.

For many of us who have adjustable rate mortgages often times there is a cap in how

HB 470

SENATOR DUFF: Thank you. Representative.

Any other questions from members of the committee?

-- Thank you very much, Sir.

Bryan Garcia followed by Representative Rutigliano.

BRYAN GARCIA: Good afternoon Chairman Duff, Chairwoman Reed, Vice Chairs LeBeau and Steinberg, ranking members Chapin and Hoydick and all the distinguished members of the Energy and Technology Committee.

I am joined today by my staff David Goldberg, our Director of Government and External Relations and Brian Farnen, our General Counsel. Thank you for allowing us the opportunity to be here today to provide comments on proposed legislation. I'll be providing comment on three bills being heard today: Senate Bill 946, Senate Bill 949 and House Bill 6472.

SB203

I'd like to now briefly summarize our testimony which we have submitted electronically. With regards to Senate Bill 946, I'd like to first provide a brief update on the actions that we have taken specific to Project 150 contracts including previously dispersed funds.

A particular note CEFIA has removed the cash grant commitments that had previously been reserved for the remaining Project 150 developments. Project 150 contractual operation dates have either passed, project developers have indicated they will be unable

to meet milestones or developers did not respond to our request for information.

We have included a table in our comments summarizing the status of the projects in our written testimony. CEFIA would be interested in supporting projects if the Legislature decides to proceed with this effort of extending the dates. CEFIA would like the ability to maintain consistency with our new focus and thus not seek to provide grants other than previously dispersed grants.

CEFIA would be willing to consider a financing opportunity through appropriate board approval processes to projects that are granted an extension.

For example, we recently provided a 5 million dollar loan to provide the necessary working capital to fuel -- to support fuel cell energy's construction of a 15 megawatt fuel cell park in Bridgeport, Connecticut. After the legislature extended the deadline on the project in last year's special session.

We are supportive of the proposed changes to extend the deadlines for Project 150 projects and we look forward to identifying appropriate financing vehicles with the project developers.

With regards to Senate Bill 949 CEFIA supports SB 949 and also acknowledges SP 203 which appears to have the same general intent as SP 949 except through a mandate as opposed to enabling legislation.

CEFIA believes authorizing or requiring municipalities to exempt property tax associated with the value of the clean energy project in commercial and industrial buildings

will further enable many businesses and property owners to move forward with energy opportunities. We have proposed that the clean energy definition be expanded in SB 203 to align and be consistent with CEFIA's statutory definition of clean energy set forth in Connecticut General Statute 16-245N.

An expanded definition provides additional support to energy efficiency upgrades, distributed generation including solar thermal and geothermal as well as all resources captured under the Class 1 definition in 16-126.

The proposed property tax exemption policy would go further and deeper by expanding the definition to incorporate not only Class 1 projects, but other valuable projects consistent with the clean energy goals of the state. While some towns may see this as a lost revenue opportunity the reality is that many proposed projects will not move forward as a result of the increased property tax burden. For example, a particular project in a C Pays municipality stands to lose a clean energy opportunity as a result of a property tax issue.

The payback period of this particular example would be nearly doubled as a result of the property tax obligation associated with the clean energy improvements. Empowering our businesses and property owners to stabilize and even reduce their energy costs will provide long term benefits to municipalities independently and the state collectively.

Benefits include job creation, better commercial and industrial building stock, reduced emissions and improved air quality and

overall provide local economic development gains. There are many programs intended to support smarter energy choices and the increased property tax associated with these energy opportunities in many instances are quite simply a burrier.

With regards to House Bill 6472, the changes proposed would allow district heating and cooling systems for low cost long term financing under the C Pays program.

We are supportive of the proposed changes but would suggest that the allowance or definition of district heating and cooling systems be expanded to support community based clean energy sources broadly and not district heating and cooling systems specifically. CEFIA is the state wide administrator of the C-pays program and is excited about the initial demand by municipalities, private capital providers and building owners. Inclusion of district heating and cooling systems as an eligible C-pays project would allow for equipment that is not permanently fixed to the property to qualify for the C-pays program.

CEFIA would like to suggest that if the legislature desires to allow noncurrently affixed equipment to qualify that there may be other desirable projects that would help Connecticut achieve it's clean energy goals. One of this -- one example of this is the Expansion of the micro grids or other community based clean energy sources. A broader definition would also be consistent with our technology agnostic approach.

If such language was adopted it is CEFIA's belief that a lean or benefit assessment would be required on all of the properties realizing

REP. MILLER: And if the boilers fail in -- for some reason or another what do we do here in the LOB? We put on our over coats?

BRIAN FERNEN: Well, I mean, it's all going to be contractual. I mean, I wouldn't -- I would think of this as kind of a -- a contractually - - a relationship amongst the individuals that are signing up for that loop and the one property who will be -- is kind of like the energy producer and it's part of their job -- and there's also going to be energy potential that will still be available to the grid for them to get, you know, energy, electricity, or heat through their local utility also. So, hopefully it would create an even robust system.

REP. MILLER: So what you're saying is the LOB does have a backup system?

BRYAN GARCIA: Well, I mean, it's hypothetical so I can only guess.

REP. MILLER: Thank you. Mr. Chairman, thank you.

SENATOR DUFF: Thank you Representative.  
Representative Steinberg.

REP. STEINBERG: Thank you Mr. Chair. Thank you for testifying here today. I'd like to take you back to some earlier testimony we heard, specifically that of the First Selectwoman from Somers with regard to the exemption from taxes. Obviously there are going to be some municipalities that view this as, you know, there they go again; the state legislature passing another unfunded mandate and certainly that is not really our intent here. It's to further the prospects of renewable energy projects.

SB 203  
(SB 949)

But I have to admit I am concerned at least -- in this age of tight budgets and municipalities going to be facing some very tough challenges does CEPIA have any insights? You guys are creative people. Are there some solutions that we can come up with that would leave the municipalities with some measure of leverage short of actually making this enabling legislation and leaving it up to them?

BRYAN GARCIA: Well Representative Steinberg, I definitely want to recognize the fact that we want all 169 cities and towns to be investment ready for Connecticut's clean energy future. So I think we all are on board with that. We all recognize that the deployment of clean energy and in commercial and industrial applications improves the competitiveness of those businesses so I think we all understand the benefits that -- that come with that. I think the discussions that were happening earlier with regards to 203 -- SB 2 -- SB -- the other bill 203 around creating some parameters would be a very useful discussion.

We haven't had that discussion internally at staff but I would look forward to taking that back and seeing if we can put some parameters around that, you know, some capacity limitations or you know, we heard from Somers we are talking about a five megawatt project -- solar project on a farm. You know, maybe there's a way we could put some parameters on -- on those projects. We'd have to take a look at what the forgone property tax looks like in comparison of the economics to of a project but I think we can -- we can take a look in and offer some insights.

REP. STEINBERG: I have great confidence in you and I look forward to that solution.

BRYAN GARCIA: Thank you.

SENATOR DUFF: Thank you Representative.  
Representative Ritter.

REP. RITTER: Thank you very much. I don't have the benefit of your testimony in front of me and so I don't have the benefit of viewing the list of projects so I have a specific question about inclusion of a project and I just want to make it sure it's on the record that I am particularly concerned about the project -- the biomass project at the town of Montville and the applicability of that project under this recommended change.

SB 946

BRYAN GARCIA: So I see -- I'll provide you this list. Forgive me for us getting that -- that in late. I see four biomass projects on our list.

The Watertown renewable project, a 50 megawatt biomass project. Plainfield renewable energy we've got Dan Donovan behind us and Scottfield Martin. That project is moving forward. I've seen that project, it's up and running creating a lot of jobs for Connecticut.

Clearview Renewable, a 30 megawatt biomass project is not moving forward and the Clearview East Canaan digester cow manure biomass project is not moving forward but I'll leave you with my list.

REP. RITTER: Thank you for that and perhaps we'll be having some future discussion. Thank you.

SENATOR DUFF: Representative Piscopo.

deployment is an important one to dive into. You know the tradeoffs between property tax and the energy savings that come from each of these projects is one that we need to look at in light of other ways of subsidizing these projects, either directly through rebates and subsidies or performance based incentives or federal investment tax credits. You know we need to take a look at that but I would offer that we have a discussion with the developers who are in the field in those towns looking to deploy capital to get projects going.

SENATOR DUFF: Thank you Representative.

Representative Hoydick.

REP. HOYDICK: Thank you Mr. Chair and thank you Bryan, it's nice to see you again. So currently municipalities cannot exempt projects from their tax roles for renewable energy?

(SB 203)

(SB 949)

BRYAN GARCIA: That's correct. That's correct, commercial and industrial. The residential properties can for Class 1 resources I believe.

REP. HOYDICK: Oh, for Class 1 resources --

BRYAN GARCIA: For class 1.

REP. HOYDICK: -- but combined heat and power they can or anything else?

BRYAN GARCIA: Let me ask David to clarify the definition.

DAVID GOLDBERG: Representative Hoydick. We believe there's a mandatory exemption currently in statute that applies to Class 1 resources for residential customers regarding commercial -- commercial and industrial customers currently

there is not an exemption or enabling authorization to allow that municipality to exempt the collection.

REP. HOYDICK: Thank you and from your information session last week, you said you had 14 communities on C pays and you're looking forward to 169 which I -- I do understand and support and I asked your briefly that day: do you think you're working a cross purposes by supporting a mandatory exemption for Class 1 renewables and then working and asking the municipal legislative bodies to enact C Pays?

BRYAN GARCIA: So we're up to 15 towns which is great and I -- I believe we're up to another five this week or next week that will come on board and I actually just want to report too that we did receive our first consent. I know the banking committee last year -- as we were taking up the C Pays Bill working very closely with the banker's association was focused on -- on consent and we got our first project in Senator Duff's territory in Norwalk was a consent deal so we're very excited about that. In terms of whether or not C Pays and property tax exemptions are working at odds with each other, several of the C Pays communities that have come on board have expressed a willingness and a desire to offer property tax exemptions to support economic development for C Pays projects but they -- they currently don't have the option.

So as we're talking about 946 or 203 the ability to at least have the option should be, you know, our baseline discussion in terms of - of what we want those municipalities to be able to offer in terms of C Pays project financing. Anything else?

REP. HOYDICK: And do you think that that allows a little more economic viability or competition between communities if they -- if you have enabling legislation?

BRYAN GARCIA: We do. I -- I would suggest that we ask some of the developers but I know in having discussions with current C Pays cities and towns that being able to offer that is going to -- they believe that that's not going -- not only going to support their economic development interest but it's also going to put them at a competitive advantage positions against others to attract developers to do projects in their towns.

REP. HOYDICK: Thank you very much.

SENATOR DUFF: Thank you Representative, any other questions? Okay, thank you very much Bryan. We have passed the one hour deadline for public officials and for officials and members of the public so we're now going to rotate back and forth.

We have Representative Rutigliano, just hang on one second we're going to allow Bill Burkas -- Barkas -- I'm sorry - from Dominion Retail come up and then after that Representative, you're on deck. Okay I don't see Mr. Barkas here so Representative why don't you come on up? Oh Bill, you are here okay, thanks.

BILL BARKAS: Good afternoon. Senator Duff -- Chairman Duff, Chairwoman Reed, members of the committee. My name is Bill Barkas. I am manager of State Government Relations for Dominion Retail. I would like to comment on House Bill 6470 and House Bill 6473. Dominion Retail is an affiliate of Dominion Resources as I mentioned.

get in there that could pay the fee upfront in order to get utilities so I split off all the meters three different ways in one building but because one tenant defaulted and couldn't come up with their security deposit, you know, it finally came down to it when last year I sold off all my commercial properties and we're supposed to be open for business but we're not helping people with their utilities and -- and this happens all over the place and I'm with you on it.

It's something we really need to look for -- into and work with the people on these deposits for their utilities because you can't run your business without it and we need the business to be open and running. Luckily I sold the place to somebody who had the ability to sign on the securities themselves which I think is nuts but you know, it's -- it's an interesting issue that you bring up and I appreciate it.

BOB MONTANARI: Thank you.

REP. CASE: Thank you.

SENATOR DUFF: Thank you Representative. Any other questions? Thank you Sir.

REP. RUTIGLIANO: Thank you Senator, thanks.

SENATOR DUFF: Next is Shaun Chapman, Solar City and then Rafie Podolski and then Chris Herb.

SHAUN CHAPMAN: Senator Duff, Representative Reed, chairpersons and the entire joint committee. Thank you for having us here. I also -- I am Shaun Chapman. I serve as Deputy Director of Government Affairs for Solar City. I'm also a board member of REEBA so I want to extend a personal thank you for coming to our event last

SB 203  
SB 949

night and sharing your insight with our membership.

I think they found that extremely valuable so. We are leading clean energy services provider in Connecticut. A year ago we had exactly zero employees.

I'm happy to announce as of March 1<sup>st</sup> we employed over 50 and that can be pretty tightly correlated to the passage of Public Act 11-80. I'm here to speak to you today about Senate Bill 203 and Senate Bill 949 which addresses an aspect of Public Act 11-80 that we could not have anticipated in the passage. And you can't really anticipate these things until you take pen to paper or more appropriately mega pixels to Excel spread sheets to try and figure these things out.

And that has to do with the high and variable tax liability in the state of Connecticut. So speaking directly to solar development there's four main issues that we really come across that is a challenge for us.

One is the inconsistent application of tax. Frankly, no two municipalities in these 169 diverse communities are the same and that adds some -- some costs to the bid proposals. And that also cause improper direct bids at times so the variability will leave some developers to come to the table having not accounted for that. They may win the award not thinking down the line the twenty year arrangement that they're thinking about, causing another developer that has done their homework to lose out unfairly. I would also point out the high pact liability.

For instance, in the two of -- or the municipality of East H -- East Hartford, highest mill rate in the state and that is exactly where we want solar development to be occurring, they're just frankly going to lose out and there's nothing we can do about that without a change. And then finally an inconsistent tax application, it's just been difficult to get clear interpretations from local authorities on what exactly is being assessed and at what value. So we support both bills as written. Understand that there is a slight difference having to do with shall or must.

We think that is a discussion worth having but we think that consistency and clarity is what's going to allow us to continue to develop really, the least cost renewable energy in the state of Connecticut. So, with that I'm happy to take questions and look forward to working with you all on getting a good resolution, the right resolution.

REP. REED: Thank you Mr. Chapman. Are there any questions? No. Thanks so much for your testimony.

SHAUN CHAPMAN: Thank you.

REP. REED: RAPHAEL PODOLSKY is next. Good afternoon, good to see you.

RAFIE PODOLSKI: Good afternoon, thank you very much. My name is Raphael Podolski. I'm a lawyer with the Legal Assistance Resource Center in Hartford.

It's part of the legal aid programs, we represent low income consumers. I'm here to speak on House Bill 5591 which is the bill that

DANIEL ALLEGRETTI: Four bills in three minutes, here we go. I'm Dan Allegretti with Exelon Corporation.

Exelon is a Fortune 100 company headquartered in Chicago. We're the parent of Constellation Energy which is a wholesale and retail electricity supplier in the state of Connecticut as well as a solar power developer. Let me start with Senate Bill 944: The Municipal Aggregation Pilot Program. We're opposed to this bill.

HB 6473  
SB 203  
SB 949

We have some serious concerns that the bill would allow customers to opt into the municipal aggregation program and to abrogate their existing contracts with retail electric suppliers. We think this is bad policy, it's unfair to the suppliers that have enrolled these customers, it is likely to lead to disputes and is probably unconstitutional as well.

We're also concerned with how this bill would affect standard service suppliers who are supplying CL&P and UI. Certainly those suppliers have taking the risk and understand the risk that customers will individually choose to leave standard service for third party supply.

However, a single transaction that moves over 140,000 customers at once is certainly something that wasn't anticipated in connection with the contracting and certainly something that needs to be addressed in any transition to municipal aggregation.

Last, I'll note I spent some time yesterday testifying before the Senate Finance -- for the Joint Finance Committee on the Governor's

proposal to create a statewide aggregation for standard service customers. Very important for us as a supplier to have clarity with regard to who is aggregating and speaking for an individual customer.

Having two different aggregators simultaneously seeking supply for the same customer creates confusion for the customer and commercial chaos for the suppliers. For these reasons we would urge you not to pass Senate Bill 944.

Let me turn to Raised Bill 6473. This bill would effectively prohibit us from continuing to offer to our customers here in the State of Connecticut clean energy products unless those products are exclusively comprised of Class 1, 2 and 3 renewable energy certificates.

It's our experience that there are other types of products: carbon free energy, energy that needs a green certification, energy that's been endorsed by an environmental organization and so forth that are appealing to customers, the customers want to purchase. Part of the reason to introduce choice in the state of Connecticut and restructure the industry was to foster innovation in a variety of products.

We think this bill unnecessarily limits those product offerings and we would encourage the committee to remove the language that so provides.

Last half of a minute. Solar power, property tax exemptions are not just helpful they are essential for the vast majority of these products the operating budget consists anywhere from 15 to 30 percent of property tax. It is a make or break economic factor in the decision

SB 203  
SB 949

of one of our customers to pursue one of these projects.

With that I thank you and invite any questions the committee may have.

SENATOR DUFF: Thank you, excellent job.

Any questions from members of the committee?

Representative Reed.

REP REED: So I guess I thought you would be thrilled with the aggregation bill because you're, you know, you're happy with the big picture aggregation on getting rid of the standard offer but you're essentially saying that in addition to being confusing, it -- it's bringing in too much competition? I just kind of wanted to understand where you're coming from.

SB944

DANIEL ALLEGRETTI: Sure. So the basic concept of aggregating customers that -- who haven't made a choice and preparing competitively priced electricity for them is something we support. But if I think about -- should I -- should I respond to the procurement manager's solicitation for the statewide program or should I respond to the RFP from let's say the city of Bridgeport? Well if they're both aggregating the same customer which RFP is the one that's actually going to award me the customer and if I win one and a week later somebody else wins the other do I pick up the customer and then lose it?

We need one aggregation program for every customer. We don't need multiple programs that -- that create a confusion in the marketplace. So if you didn't have a statewide program under

-- you know I can find that out, let me get that information for you.

SENATOR DUFF: Thank you, thank you sir.

DANIEL ALLEGRETTI: Thank you.

SENATOR DUFF: Lynn Mathis followed by Karl -- sorry I can't read the last name here -- Reickle, from the tree wardens.

HELEN ROSENBERG: (Inaudible) I'm Helen Rosenberg and I'm here to support her testimony and my (inaudible).

SENATOR DUFF: Yes. You still have three minutes between the two of you.

HELEN ROSENBERG: (Inaudible)

LYNN MATHIS: You go first.

HELEN ROSENBERG: I'll go first. Helen Rosenberg. Good afternoon Senator -- committee members I am Helen Rosenberg, I'm an economic development officer with the city of New Haven's Office of Economic Development.

We support Senate Bill 203, AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES. Three years ago, Phoenix Press -- which is a long standing New Haven printing company represented by Lynn -- installed a wind turbine on its James Street property. Since then there's been a lot of interest among developers and other manufacturers in doing something similar in alternative energy.

As the economy continues to improve we expect that this interest will increase. An extension of the tax exemption will help assure the

viability of proposed projects and business expansions would seek to install such energy saving measures reducing the cost of energy and contributing to a cleaner environment.

LYNN MATHIS: Good afternoon my name is Lynn Mathis. My family owns and operates Phoenix Press in New Haven. We have the state's only wind turbine -- commercial grade wind turbine. It's a 100KW. It's down on the harbor in New Haven if you haven't seen it. It supplies energy to our manufacturing operation.

SB 203

We are first and foremost a manufacturer. We don't sell wind credits, we don't buy wind credits. We have a wind turbine that feeds our company that helps give us energy to run our presses, binder equipment etcetera. The property tax that we are being charged is detrimental to us in many way.

When we first installed this thing we were told it was tax exempt. I think someone else inferred earlier that a lot of the different municipality -- municipalities have different - - I guess there's different language in different bills and it's -- it's -- a lot of things are convoluted and there were -- it was told to us by our installer, it was written in our contract that we were exempt from property tax.

We -- this property tax this year, or the original year would be \$16,000. We're saving maybe \$20,000 in electricity. The numbers don't add up and they never will. If we have to pay this property tax going forward it's going to kill us, that's the bottom line. We employ right now 34 people. We are down about 15 in the past few years. We're in business to

be in business and we're trying to employ people.

We pay property tax on our building. We own a good size portion of -- a block. We pay a lot of property tax and we have for 30 years. I just -- we are in support of Bill 203 and the only addition I would love to see is that it's retroactive to when we installed this thing two years ago, three years ago, I'm sorry, it was in 2010. That's all I have, if anyone has any questions I'd be happy to answer.

SENATOR DUFF: Great. Thank you very much.  
Representative Megna.

REP. MEGNA: Thank you Mr. Chairman, good to see you here and I love seeing that windmill all of the time.

LYNN MATHIS: We get that a lot.

You're not actually in my district but going across the bridge I love to see it, especially turning. I heard it's very successful for a -- a turbine meaning it's very efficient, putting out a lot of power. But actually, my question is how did they establish the value on that for taxation purposes?

LYNN MATHIS: Good question. Well when we first -- I -- I believe it's the construction costs or what the costs would be to reinstall it if the thing falls down. You know, initially it costs so much, there's a lot of wiring and all sorts of things involved with it. I believe it's if we had to reconstruct it, the value of the actual construction. I -- I -- I don't know. And you know our attorney's can't say -- we really don't get a clear definitive --

REP. MEGNA: Did you -- did you --

LYNN MATHIS: -- answer.

REP. MEGNA: -- did you contest it with the recent revile?

LYNN MATHIS: Yes, we -- we've contest a lot of things, it's just that --

REP. MEGNA: I'm a tax payer in New Haven so believe me Ma'am, I identify with you on the taxes but I'm just curious on how you establish a value if it's --

LYNN MATHIS: Well initially what we -- you know we sited the statute that we were told that it was going to be exempt so I believe it was, you know it cost us \$500,000. We were given grants and --

REP. MEGNA: Yes, yes I remember that.

LYNN MATHIS: -- it was wonderful --

REP. MEGNA: Yes.

LYNN MATHIS: -- everything's fantastic. Everyone's in total support of this thing. It was kind of like -- everyone was like: what do you mean, why -- how can this not exempt? Why is it not exempt? I don't know, it says it was and it was a statute sited and so we tried to come up with a value that everyone was okay with and we've been fighting it every step of the way. We tried to put it in as manufacturing equipment but that didn't fly either so.

REP. MEGNA: wow, Okay thank you very much. Thank you Mr. Chairman.

SENATOR DUFF: Thank you Representative.  
Representative Hoydick.

REP. HOYDICK: Thank you Mr. Chairman. Hi Lynn,  
it's nice to see you. Hi Helen, nice to see  
you as well. Lynn was very kind to allow Kevin  
McCarthy and myself among others to go to her  
facility to see her turbine, last year or two  
years ago, I can't remember but Lynn, question;  
we've got two bills before us. One is  
mandating that there be a property tax  
exemption on renewable Class 1 equipment and  
the other is an opt in. Do you know if the  
city of New Haven is open to the opting in,  
they may grant you a tax exemption or not?

LYNN MATHIS: I -- I'll let Helen answer that.

HELEN ROSENBERG: I'll have to reread that bill but  
I would say that we're open to whatever it  
takes to make it work out for businesses like -  
- like Phoenix Press.

LYNN MATHIS: The city has been behind us 100  
percent and clearly she's --

HELEN ROSENBERG: Office.

LYNN MATHIS: your office. Well, yes and you know  
it's -- I would hope so.

REP. HOYDICK: I would hope so too but usually  
Economic Development and the Assessor's Office  
are really always not on the same page but if  
they are, good for you guys.

HELEN ROSENBERG: Well actually the Assessor's  
Office has been assisting me as well.

HELEN ROSENBERG: Good okay then the city is totally

LYNN MATHIS: Yes.

HELEN ROSENBERG: -- and every office is behind you, so.

REP. HOYDICK: Great, great, thank --

HELEN ROSENBERG: And we'll do whatever -- we'll support whatever is necessary.

REP. HOYDICK: Thank you Helen, thank you Lynn. Nice to see you.

SENATOR DUFF: Thank you, thank you ladies. Appreciate you coming up, thank you for your testimony. Karl? And then followed by Ed Leveine.

KARL REICKLE: Good afternoon I'm Karl Reickle. I recently retired from the town of South Windsor after 38 years of service, 28 years of that is Tree Warden. I'm past president of the Tree Warden Association of Connecticut and I'm currently serving on the board of directors. The president of the organization, Jim Gavoni asked me to come forward today and to speak on House Bill 6471: AN ACT CONCERNING TREE TRIMMING BY UTILITIES.

Although well intentioned for aiding the utilities and removing and trimming trees to ensure less of a severe problem during storms, this bill is filled with a tremendous amount of work for existing tree wardens in each municipality. Not to mention the liability a tree warden to inspect all trees on private property, advise the home owner of existing hazardous trees.

There is no way that a local tree warden could or should do this. It is a kin to having the two attorney offer legal advice to any of the

SENATOR DUFF: You get the prize for the day Dan.

Thank you for your testimony and we do have it here in front of us. Any questions for Dan?

No. Thank you.

DAN DONOVAN: Great, thank you.

SENATOR DUFF: Okay, Mike Trahan followed by Robert Fromer.

MIKE TRAHAN: Senator Duff, Representative Hoydick, Representative Steinberg, members of the committee, my name is Mike Trahan. I am Executive Director of Solar Connecticut.

Our members are 50 plus members are the solar installers in Connecticut who've done a line share of the work over the last several years. They are solar installers who do work twelve months out of the year, also electrical contractors, plumbing contractors and distributors to solar components.

I'm here to testify today in support of Senate Bill 203, including the mandate to municipalities. I mentioned a number of the reasons for supporting the mandate in my testimony that's been submitted. I'm happy to discuss those if you'd like. More importantly I'd like to speak to a proposed language change in the bill, Senate Bill 203 restricts municipalities to exempt property tax on Class 1 technologies.

Last year legislation passed in the Planning and Development Committee that expanded the definition to Class 1 technologies and solar thermal technologies.

We'd like to see an expansion of the -- the list of technologies that would fall under the

waver to include that or the definition that CEPIA has proposed in Connecticut General Statute 16-245. The discussion about mandates earlier, just so -- just so the committee is understanding, the idea of a property tax exemption is not new in the US there's as many as 15 states currently that have property tax exemptions including Massachusetts, New York, California -- which is the largest solar market in the U.S., the state of Oregon which has had a property tax exemption since 1976 and if I -- if I understand it correctly those states that -- that offer property tax exemption -- of those states, states requiring mandates outnumber those states that require an elective ordinance on behalf of the local property -- the local town officials.

So with that, I'm happy to give you -- get you additional back ground on those states and how they put those programs together that's helpful.

SENATOR DUFF: Thanks Mike, we appreciate it. We'll certainly be debating whether or not we have this mandatory or not or whether we include solar thermal or not so we appreciate that.

Any questions from members of the committee?

Representative Piscopo?

REP. PISCOPO: Thank you Mr. Chairman. T

Thank you there. I just -- the same question I asked the previous speaker. I'm just wondering when -- when these renewables are going to be able to compete in the market.

You know, we charge the regular energy companies' property all kinds of taxes and fees

and a surcharge -- come to think of it but -- I'm just wondering when it -- you know, with all the federal tax credits, with all the different -- you know with all the different incentives we give to renewables I just wondered when -- when in your mind do you think that they'll be on a level to compete?

MIKE TRAHAN: Sure, the most mature market in the country is California and their incentives are about ready to run out and because they have done -- taken a number of initiatives they are quite comfortable with that there, the solar industry there.

They are so because they've adopted -- they've taken down some of the barriers that artificially increase the cost of the solar like property tax exemption on -- on commercial, like permit fees, like licensing issues, like external disconnect switches on -- on system installations.

There are a number of -- of opportunities for this group, for PURA to take that would very quickly reduce the cost of solar in Connecticut by getting rid of basically, red tape. So Connecticut lags behind California by several years but it'd be hard to imagine -- I mean I think we've probably haven't done a very good job of putting this together if -- if we haven't reached the point of great parity in somewhere around five years from now, instead of five years I think that's typically the length of time that -- that those in the north east talk about, reaching some sort of great parity.

REP. DISCOPO: Thank you. I'm -- I'm kind of intrigued by -- by the red tape answer you gave. Is there a list or something you could

probably provide -- some recommendations for PURA that add cost to renewables.

MIKE TRAHAN: I'm -- I'm building a list as we speak. I'd be happy for forward that to you.

REP. DISCOPO: Thank you.

MIKE TRAHAN: it's -- it's you know, we estimate in working with you know, CEPIA will testify on Thursday about the solar permit gap. In Connecticut, municipalities charge anywhere from \$130 to \$800 to permit the same 5KW solar installation on a residential home. That disparity is -- is you know, in our mind way out of whack.

We'll present testimony on Thursday on why -- on a solar permit gap and why we give -- that's just one example of how to reduce solar -- some municipalities have taken the step of -- of waving municipal fees, permit fees in their town. Right now in Connecticut it's cheaper to install solar in some municipalities than the adjacent municipalities, just because some municipalities are taking steps to drive down the cost.

REP. DISCOPO: You said four or five years then you'd be able to compete -- would you -- would you consider maybe like a sunset on the property tax abatement?

MIKE TRAHAN: Some municipalities have done that in Oregon they -- they started in 1976 so that they're -- they're going to sunset their property tax I think in 2018 so it's not uncommon for those municipalities that have instituted property tax exemptions on commercial solar to attach some sort of time

period, twenty years or something of that nature.

SENATOR DUFF: Thank you Representative.  
Representative Miller.

REP. MILLER: Thank you Mr. Chairman. A lot of states are not renewing their incentives for solar. I read a lot of stories about it -- because of the, you know, financial division of their municipalities. What's happened here in Connecticut? Is there a demand for solar type instillation or has it dwindled?

MIKE TRAHAN: The demand for -- for solar installs mirror the incentives that are available. We're here talking about a commercial property tax exemption. We would not have been here a couple of years ago talking about that unless the Z Reg program were in place. I mean -- I mean you -- you heard from several people giving testimony today that there -- that there's these projects that don't pencil out because of the property tax.

No one really worried about that a couple of years ago because there were very little incentives for commercial, zero really, steady incentives for commercial a couple of years back. so as, you know, the solar industry goes as incentives go both on the state and federal level.

We don't like that, we're appreciative.  
(Inaudible) the installers in Connecticut are overjoyed to be working in a state that is as creative as Connecticut, you know the programs that the commissioner and Bryan Garcia have put together at CEPIA are far more creative than incentives in other states so the opportunity

for solar to be successful here is greater here than almost anywhere in the country I feel.

REP. MILLER: And to -- without the incentives the industry would be in trouble, deep trouble. Thank you

MIKE TRAHAN: Yes.

REP. HOYDICK: Thanks I got the wave from the chairman so I can ask the question. Mike, thanks for testifying today so the other states that you're talking about who relieved -- relieved owners of property tax exemptions have -- have had the programs in place. The units and the generators are probably to have fully depreciated and so there's -- they have relieved them of property tax?

MIKE TRAHAN: Correct.

REP. HOYDICK: Okay so it makes sense because the incentives are gone and now that the municipality can recap it through taxes -- as far as the state incentives or whatever other incentives are diminished, correct?

MIKE TRAHAN: I suppose that's true. I -- I would also add that -- that a good reason for supporting the mandate is that commercial property owners in Connecticut are taking into the incentive program.

If you are a commercial property owner in a municipality that is not -- refuses to pass an ordinance for commercial property tax waver then it's very unlikely that you will receive any tangible benefit from the incentives that you're paying on your electric bill each month. I mean -- I -- I -- which is why we support the mandate.

You know, we think that businesses should have the option to go to this route and if you're in a municipality like -- that are very progressive in this area like Bridgeport and Manchester, some of these municipalities have done some extraordinary steps on their own to do this, you're in good position to lesson, green up or at least steady your electric bill. If you're in a municipality that is not sympathetic to that then there's very little chance that the incentives you pay off your electric bill are going to pay off for you in any tangible effect.

REP. HOYDICK: But Mike if I'm a municipality and I'm leasing the equipment from you, I'm not paying property tax on it, correct?

MIKE TRAHAN: If you enter into a PPA?

REP. HOYDICK: If I own or lease -- hopefully with the legislation that we pass eventually -- if I own or lease the system, I'm not paying property tax on it correct? Personal property tax on it.

MIKE TRAHAN: I'm not fluent in the issue personal or the property, how that impacts to be honest with you, I can research that for you Representative. I mean, I suspect someone's paying something in terms of -- of property tax in that scenario which is -- was built into the price of the project.

REP. HOYDICK: Right but I think if a mu -- municipality -- if I contract you -- if I'm the city of Bridgeport and I'm contracting with you to put in a TV system, on our property and I'm either going to lease the system from you are buy it from you I don't think I have to pay

personal property tax on that do I? I don't think -- that's a question I can ask (inaudible) later.

MIKE TRAHAN: I'm not certain. I'm happy to collect an answer for you though.

REP. HOYDICK: I think I can get somebody to answer that question for me over on that side.

MIKE TRAHAN: Okay he's nodding his head; I think he's got the answer.

REP. HOYDICK: Yes, thank you.

SENATOR DUFF: Thank you. Yes, Representative Bowles.

REP. BOWLES: Hi Mike, how are you doing?

MIKE TRAHAN: Good thank you.

REP. BOWLES: Thank you Reed here, thank you Chair. Question I had, you just mentioned a few municipalities that seem to be very welcoming in terms of the industry. Do you have any examples of zoning regulations or other kinds of ordinances or other things that any towns here in Connecticut including the ones that you just mentioned, Bridgeport etcetera that would be ideal models for other towns? I'm looking for something that would actually be, you know, a model that encourages renewable energy installations both from a smaller municipality and also a larger one both for commercial and residential.

MIKE TRAHAN: On the planning and zoning side?

REP. BOWLES: Planning and zoning, wherever, for instance the permit fees, wherever -- has

somebody gone ahead and for instance waved permitting fees?

MIKE TRAHAN: Yes, CEPIA received a federal grant from the Department of Energy last year. Under the Sun Shock Program it's known in Connecticut as Sunrise. They have looked at the permit fees that every municipality in the state of Connecticut charges and have ranked those. They've put together a graph that I'll be submitting as part of my testimony if this bill comes to a public hearing and I hope that it does.

But we're actually putting together a ranking of all municipalities in the state of Connecticut and assigning a value to the various planning and zoning permitting, licensing, clean energy communities and -- and -- and I'm building this primarily for our membership to help them understand which municipalities are most sympathetic to solar so they could apply their -- most of their efforts in their business outreach in those communities but I -- I -- there are some planning and zoning regulations in place that I'm happy to supply to you all, I'll get those for you.

REP. BOWLES: That would be great, thank you.

MIKE TRAHAN: You're welcome.

SENATOR DUFF: Thank you Representative, thank you Mike.

MIKE TRAHAN: You're welcome.

SENATOR DUFF: Okay, Robert Fromer followed by Lee Herbert.

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Testimony of ClearEdge Power  
Regarding

Senate Bill No. 203

*AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES*

Before the Energy and Technology Committee  
March 5, 2013

Senator Duff, Representative Reed and members of the Committee:

ClearEdge Power appreciates the opportunity to convey its support for Senate Bill No. 203, An Act Concerning Property Tax Exemptions for Renewable Energy Sources.

ClearEdge Power, a company located in South Windsor, CT and Hillsboro, OR employs approximately 444 people in the development, design, production and service of fuel cells for use in stationary power and transportation. ClearEdge Power supports the proposed changes within Senate Bill No. 203, "An Act Concerning Property Tax Exemptions for Renewable Energy Sources".

Today ClearEdge Power is producing fuel cells for stationary applications for energy generation with system efficiencies approaching 90%. Through the use of combined heat and power, our stationary fuel cells produce no combustion, minimal noise and ultra-low criteria air pollutants.

We support the language in SB 203 which would exempt Class I generation from Connecticut State property tax. Current property tax law allows municipalities to assess Class I distributed generation equipment as real property. This assessment introduces a financial burden to clean energy projects that extends the payback period and decreases the internal rate of return drastically and in some cases, causes projects to be abandoned completely.

Understanding the financial position of Connecticut municipalities, we would also support language for statewide property tax abatement for Class I generation. We cannot make a specific recommendation regarding the level of reduction in the assessment fee percentage, as this should be more widely examined based on the differences in municipality mil rates and current assessment fee percentages. The recommendation for a more holistic Class 1 property tax approach would allow Class I project developers to successfully move forward with installing new, clean energy generation while the municipalities still receive revenue for the installation of the new equipment.

We would make one recommendation related to third party developers of Class I generation. The host site would typically be the benefactor of a property tax exemption when they are not the true "owner"

Contact: Katrina Fritz  
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Website: [www.clearedgepower.com](http://www.clearedgepower.com)

of the equipment, only the consumer. Any property tax abatement or exemption should be clearly extended to include third party owned generation.

Thank you for the opportunity to express our desire for SB 203 to meet the State's objective of the cleanest and most cost effective energy policy possible, and to provide comments as to how the intent of SB 203 could facilitate additional positive economic impacts and job creation and retention in the State of Connecticut. We would be pleased to provide any information to the Committee and the staff in support of the consideration of this bill.

Contact: Katrina Fritz  
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CITY OF NEW HAVEN  
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**Testimony of the City of New Haven  
Before the Energy and Technology Committee**

*Regarding*

**SB 203 AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES**

*Submitted by*

Giovanni Zinn, Office of Sustainability, City of New Haven  
March 05, 2013

Senator Duff, Representative Reed, and members of the Committee,

The City of New Haven is pleased to have the opportunity to comment in support of SB 203 AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES.

The State of Connecticut has made renewable energy implementation a priority throughout the state. However, for commercial and industrial customers, the investment in their own source of clean, renewable energy comes with an additional property tax burden that slims down the thin economic margins that on-site renewable generation relies upon.

By extending the property tax exemption to commercial and industrial customers, SB 203 incentivizes the increased adoption of renewable energy technologies in the state and ensures that businesses who invest in clean energy technologies can predict with accuracy the cost of running these systems.

The success of our renewable energy investments can be seen in cleaner communities that are much more conscious about their energy use. Property tax exemptions and other tax mitigation measures for renewable energy systems are widespread throughout the country and have encouraged communities to adopt renewable energy technologies as sensible and practical investments.

By reducing the cost of energy for businesses in our communities, renewable energy systems help businesses retain jobs and create new economic activity that is less reliant on fossil fuels and environmental degradation. Extending the property tax exemption to commercial and industrial customers will ensure the long-term viability of renewable energy systems in the commercial/industrial sector, leading our state to more sustainable communities both environmentally and economically. Thank you for your time.

[www.cityofnewhaven.com](http://www.cityofnewhaven.com)

**NEW HAVEN** IT ALL HAPPENS HERE

# 12

TESTIMONY OF HELEN ROSENBERG  
Economic Development Officer  
CITY OF NEW HAVEN  
OFFICE OF ECONOMIC DEVELOPMENT  
Before the  
ENERGY AND TECHNOLOGY COMMITTEE  
Public Hearing of March 5, 2013



City of New Haven  
John DeStefano, Jr  
Mayor

**PROPOSED BILL NO. 203: AN ACT CONCERNING PROPERTY TAX EXEMPTIONS  
FOR RENEWABLE ENERGY SOURCES**

The City of New Haven supports the expansion of property tax exemptions for renewable energy sources for commercial and industrial buildings.

Three years ago Phoenix Press, a long-standing New Haven printing company, installed a wind turbine on its James Street property, initiating a discussion among other manufacturers and industrial and commercial developers about the benefits of alternative energy production.

The October, 2012, Connecticut Comprehensive Energy Strategy for Connecticut pointed out that prices for wholesale electricity in New England, and therefore in Connecticut, is high, adding that "Providing low-cost energy options for the industrial sector is essential for Connecticut's Economic competitiveness." The Strategy encourages the use of economic incentives to bring down the cost of renewable energy.

As the economy continues to improve, interest in facility renovation, expansion and new construction in the city for industrial and other commercial uses is growing. Extension of the tax exemption will help assure the viability of proposed projects and business expansions which seek to install energy saving measures, reducing the cost of energy and contributing to a cleaner environment.

*Questions or comments, please contact:* Helen Rosenberg Economic Development Officer (203) 946-5889



**Testimony of Phoenix Press, Inc.  
Before the Energy and Technology Committee**

**Regarding**

**Proposed Bill 203 AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR  
RENEWABLE ENERGY SOURCES.**

*Submitted by*

Lynn Mathis, General Manager,  
Phoenix Press, Inc. ~ 15 James Street, New Haven, CT 06513.

Phoenix Press, Inc. is pleased to have the opportunity to comment in support of  
**Proposed Bill 203 AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR  
RENEWABLE ENERGY SOURCES.**

**Our Sustainability & Renewable Energy Commitments**

We support the principles of sustainability and renewable energy in our everyday business practices. Our customers are excited about our wind turbine directly powering our facility, and we developed a free branding opportunity for them, "Wind to Print," which communicates the generation and use of on-site power harnessed in our backyard. The turbine dwarfs our one-story building, and is a symbol of our commitment to clean, renewable energy.

Our customizable, branding logo allows our customers to promote their environmental commitment - FREE of charge. Showing their current and potential customers, investors, students, parents, buyers, etc. that by using 'Wind to Print' -they're not just talking the talk - they're walking the walk with us .

We have come to realize that the modern manufacturing mantra is no longer solely that of quality, price & service but has become quality, price, service, and carbon. Your carbon footprint is the sum of not only *your* business practices, but that of *all your business partners*. Simply by virtue of allowing Phoenix Press to handle their printing, mailing & fulfillment needs, our customers will be reducing their carbon footprint

Phoenix Press **does not** buy wind credits nor do we sell them. Because we were able, we took it one step further - we installed our own 100kW wind turbine on our property & now create our own **clean** electricity, on-site.

Aside from the fact that we're the 1st printer in the country to be powering our manufacturing operation via our own on-site 100kW wind turbine & the fact that we are Connecticut's 1st and only wind turbine of this magnitude (to date).... there are many other environmentally responsible attributes in place at Phoenix Press that set us apart from other green printers.

Our commitment to the environment includes our FSC certification and our use of "Biolocity" soy/vegetable based ink.

As an FSC Certified printer, there are many 'well managed - chain of custody' recycled paper options that we provide. Phoenix Press is proud to use Biolocity inks. Our inks contain low levels of volatile organic chemicals (low-VOC), are soy and vegetable based and are derived from fully renewable sources. Our inks are certified to be friendly to the Earth. The National Association of Printing Ink Manufacturers (NAPIM) has established a standardized program for the printing ink industry for calculating and reporting the **bio-derived renewable content (BRC)** of an ink as delivered to us. The BRC labeling program is the first phase of a comprehensive NAPIM initiative for evaluating and minimizing printing inks' environmental impact via the NPIRI Eco Task Force. This first step is focused on the use of bio-derived renewable materials in printing ink. The BRC Index is an important and quantifiable value that can be used in conjunction with existing guidelines for safety, VOC content, hazardous air pollutants (HAPs), and absence of heavy metals

We have a substantial recycling program in place for not only paper & corrugated, but aluminum printing plates & ink as well. We have highly efficient lighting in our offices, warehouse and in most of our production area.

We partner with many environmentally conscious vendors who assist us in our on-going greening efforts. Phoenix Press is proud to be an EPA Green Power Partner and a member of the Green Energy Council. We are also a recipient of the **2010 EPA Green Leadership Award for on-site renewable energy.**

We are also a big proponent of sharing our experience with others so they may be inspired by what we have done. We are constantly giving tours to schools, businesses, municipalities, legislators, etc. – always free of charge.

#### **How did we get the idea for an on site wind turbine?**

- ❖ Conceived the idea for wind-powered printing after consulting with DEP
- ❖ Air-quality measuring station located across the street from facility
- ❖ Three years of data were obtained, which showed a good wind resource for on-site energy generation
- ❖ Solar power wasn't an option because:
  - ❖ The historical building in which Phoenix resides is over 100 years old and the roof wasn't strong enough
  - ❖ Shore birds also repeatedly drop clams onto the roof, exposing the panels to ballistic damage, as well as increased wind-loading

#### **Our problem ~ why we are here today:**

We were initially told by Alteris Renewables (our installer) that we were in fact exempt from property tax- it's actually listed in our agreement. It was also discussed at various meetings with different officials. However, upon filing of our property declarations, to everyone's surprise, we found out the statute exemption Conn. Gen. Stat. § 12-81 (57) cited by our installer was not sufficient for our sort of installation. Even though we did receive substantial grants for our project, it was still a HUGE investment for us. Our decision to install the turbine was based on a number of things, on top of the list was the fact that it would be exempt from property tax. Our current property tax in the City of New Haven is nearly unbearable. The addition of any more tax will have a disastrous effect on our 30 year old business.

The exemption, while applicable to us so far as, 'Commercial' sectors and 'Class I renewable energy system', then has a caveat – "applying only to residential dwellings with four or fewer units and farms"

## Connecticut

### Incentives/Policies for Renewables & Efficiency

#### Property Tax Exemption for Renewable Energy Systems

Last DSIRE Review: 05/11/2011

#### Program Overview:

State:	Connecticut
Incentive Type:	Property Tax Incentive
Eligible Renewable/Other Technologies:	Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Fuel Cells, Geothermal Heat Pumps, Tidal Energy, Wave Energy, Ocean Thermal, Fuel Cells using Renewable Fuels, Geothermal Direct-Use
Applicable Sectors:	Commercial, Industrial, Residential, Multi-Family Residential, Agricultural, (Note: exemption for Class I resources applies only to residential dwelling with four or fewer units and farms)
Amount:	100% exemption for renewable energy property
Authority 1:	<u>Conn. Gen. Stat. § 12-81 (57)</u>
Date Enacted:	1977 (subsequently amended)

#### Summary:

Connecticut provides a property tax exemption for "Class I" renewable energy systems\* and hydropower facilities that generate electricity for private residential use. The exemption is available for systems installed on or after October 1, 2007, that serve farms, single-family homes or multi-family dwellings limited to four units. In addition, "any passive or active solar water or space heating system or geothermal energy resource" is exempt from property taxes, regardless of the type of facility the system serves.

An exemption claim must be filed with the assessor or board of assessors in the town in which the property is placed on or before the first day of November in the applicable assessment year. Applications are not required each year as long as no major alterations are made to the renewable energy system. Contact your local tax assessor's office for more information.

*\* A "Class I renewable energy source" is defined as "(A) energy derived from solar power, wind power, a fuel cell, methane gas from landfills, ocean thermal power, wave or tidal power, low emission advanced renewable energy conversion technologies, a run-of-the-river hydropower facility provided such facility has a generating capacity of not more than five megawatts, does not cause an appreciable change in the river flow, and began operation after July 1, 2003, or a sustainable biomass facility with an average emission rate of equal to or less than .075 pounds of nitrogen oxides per million BTU of heat input for the previous calendar quarter, except that energy derived from a sustainable biomass facility with a capacity of less than five hundred kilowatts that began construction before July 1, 2003, may be considered a Class I renewable energy source, or (B) any electrical generation, including distributed generation, generated from a Class I renewable energy source."*

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This new proposed Bill No. 203 will satisfy our exemption needs.  
However, we propose it be retroactive to 2010.

Thank you for your time and consideration.



MARCH 5, 2013 TESTIMONY FROM SOLAR CONNECTICUT, INC. EXECUTIVE DIRECTOR MICHAEL TRAHAN IN SUPPORT OF PROPOSED S.B. No. 203 AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES.

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**ABOUT SOLAR CONNECTICUT** - SolarConnecticut (*SolarConn*) was formed as an education group in 2007 when there were less than a dozen solar installation companies operating in Connecticut. Today, there are over 100 solar electric and solar thermal (hot water heating) installer companies in Connecticut authorized to offer state ratepayer-funded solar incentives to residential/commercial property owners. *SolarConn* promotes the use of solar through its work with installers, manufacturers, product developers, suppliers and those working in job training and education.

**WHY WE SUPPORT SB 203** - It is the policy of the state to promote and encourage the use of solar energy systems and to limit obstacles to their use. Therefore, the implementation of consistent, statewide standards to achieve timely and cost-effective installation of solar energy, such as the manner in which state supported commercial solar installations are managed at the local level, is a matter of statewide concern.

Coordinated, statewide policies that lower the cost of solar, including a statewide tax policy will (1) increase the deployment of solar, (2) improve the state's ability to reach its clean energy goals, (3) create jobs in this state and, (4) shorten the period that ratepayer-funded solar incentives are necessary.

Currently, residential installations of solar thermal and solar electric systems are exempt from local property tax. SB 203 would simply extend the same tax waiver currently enjoyed by residential property owners to commercial property owners.

**PROPOSED LANGUAGE CHANGE** - *SolarConn* has one area of concern on SB 203. Both solar thermal and solar electric (called "photovoltaic" or PV) systems produce energy derived from solar power – the definition of a Class I renewable energy source. Both residential and commercial property owners are investors in the state's solar incentives program. We support the equitable tax treatment of commercial customer-sited solar electric and solar thermal systems.

As proposed, SB 203 restricts property tax waivers to, " ... *any Class I renewable energy source installed for the generation of electricity for commercial and industrial use* ..." Tax policy that encourages the use of clean energy sources should not be tied only to technologies that generate electricity. Instead, policies should encourage the use of clean technologies that reduce the overall energy bill.

Therefore, we suggest either changing the definition of technologies in SB 203 to (a) reflect the definition adopted last year by CGA's Planning & Development committee (former HB 5538) which reads, " ... *Class I or nonresidential solar thermal renewable energy source that is installed for the generation or displacement of electricity for business, industrial or municipal use* ", or (b) the definition of technologies in Connecticut General Statutes 16-245n.

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Written Testimony of SolarCity

In Support of Senate Bill No. 203 – An Act Concerning  
Property Tax Exemptions

for Renewable Energy Sources

Shaun Chapman, Deputy Director of Government  
Affairs

March 5, 2013

Senator Duff, Representative Reed, and members of the Joint Energy Committee, SolarCity offers this written testimony in support of Senate Bill No. 203 to extend property tax exemptions to non-residential solar energy systems.

My name is Shaun Chapman; I serve as Deputy Director of Government Affairs for SolarCity. We sell renewable energy to our customers at prices below utility rates. We currently serve customers in 14 states, and we intend to expand our footprint internationally, operating in every market where distributed solar energy generation is a viable economic alternative to utility generation. We generate revenue from a mix of residential customers, commercial entities such as Walmart, eBay and Intel, and government entities such as the U.S. Military. We structure these customer agreements as either leases or power purchase agreements. Our lease customers pay a fixed monthly fee with an electricity production guarantee. Our power purchase agreement customers pay a rate based on the amount of electricity the solar energy system actually produces.

We are a leading provider of clean energy services in Connecticut; one of the key policy improvements that allowed SolarCity to do business in Connecticut was the passage of PA 11 – 80. As of the start March 2013, we now employ over 50 Connecticut workers. We offer both solar installation and energy efficiency services to homeowners throughout the country. Through our services, we make it easy for customers to switch to cleaner energy by taking a comprehensive look at our customers' energy usage and identifying opportunities for improvement.

We are pleased to offer this testimony of support for SB 203, as we believe it is in keeping with Connecticut's top-to-bottom strategy for deploying least cost clean energy systems. Public Act 11 – 80 went a long way to encouraging the deployment of these systems,

following up on this bold leadership with the passage of this bill will continue to drive consistent, responsible deployment of cost effective renewable energy.

Speaking directly to solar energy project development, we have found the inconsistent and often very high taxation on solar energy systems to be a barrier to developing good, least cost projects. These barriers are manifested in the following ways:

- **Inconsistent Application of Tax:** No two municipalities address taxation in the same way. This leads to cost of acquisition spikes, and uncertainty in bid proposals.
- **Improper ZREC Bids:** Because a lack of clarity (see previous point) many project developers did not, and may not, appropriately factor in property tax assumptions. This provides a false competitive advantage for those ZREC bid applicants who do not appropriately set tax expectations.
- **High Tax Liability:** There are a number of ideal places in the state of Connecticut to deploy solar, and some better than others. Particularly well-suited are areas with dense populations, and the need for added grid resilience. Quite often these areas are also areas with high mill for property taxes, making them the least likely to win ZREC auctions, assuming property tax has been accounted for.
- **Inconsistent Tax Application:** Our developers have had a difficult time getting clear answers from local authorities on what exactly is to be taxed and at what valuation. This adds further burden and risk to the payback of the project.

In closing, SolarCity would like to express that the aspect of this bill we most strongly support is the consistency of application. We are responsible corporate stewards and we understand that tax revenues for towns and municipalities are critical as the economy continues to recover. To that critical point, if there is an alternative, and fair, mechanism to provide equity and consistency in the state, SolarCity will gladly support that mechanism. However, to date, the full exemption, which has been provided for residential solar systems for years, is a successful and proven path forward.

We thank the committee for their time and leadership in this matter.

Sincerely Yours,

Shaun Chapman Deputy Director, Government Affairs for SolarCity



TESTIMONY OF ERIC J. BROWN  
 ASSOCIATE COUNSEL, DIRECTOR OF ENERGY & ENVIRONMENTAL POLICY  
 CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

before the  
 ENERGY & TECHNOLOGY COMMITTEE  
 March 5, 2013

HB559L HB6470

HB6472

Good morning. My name is Eric Brown and I serve as director of energy and environmental policy with the Connecticut Business & Industry Association ("CBIA"). On behalf of our 10,000 large and small member companies throughout Connecticut, we appreciate this opportunity to go on the record as supporting several bills on your agenda and opposing two others, in their current form.

S.B. No. 203 AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES

CBIA supports this bill as a means to encourage the installation of Class 1 renewable energy at commercial and industrial facilities.

S.B. No. 250 AN ACT REQUIRING APPLICANTS OF ELECTRIC GENERATION, TRANSMISSION AND DISTRIBUTION FACILITIES TO PERFORM ENERGY ANALYSES

CBIA opposes this bill as being largely duplicative with current practice, laws and regulations, including those administered by the Connecticut Energy Advisory Board.

S.B. No. 949 AN ACT ESTABLISHING COMMERCIAL AND INDUSTRIAL PROPERTY TAX EXEMPTIONS FOR CLEAN ENERGY PROJECTS

CBIA supports this bill as a means to encourage investment in energy efficiency and renewable energy at commercial and industrial facilities.



Connecticut Fund  
for the Environment

Testimony of:  
Connecticut Fund for the Environment



Save the Sound

**In Support of**  
S.B. No. 203, An Act Concerning Property Tax Exemptions for  
Renewable Energy Sources  
S.B. No. 949, An Act Establishing Commercial and Industrial  
Property Tax Exemptions for Clean Energy Projects

Before the Energy and Technology Committee

March 5, 2013  
Submitted by Mark LeBel, Energy Fellow

*Connecticut Fund for the Environment is a non-profit organization that, along with its regional program Save the Sound, works to protect and improve the land, air and water of Connecticut and Long Island Sound on behalf of its 5,500 members. We develop partnerships and use legal and scientific expertise to achieve results that benefit our environment for current and future generations.*

Dear Senator Duff, Representative Reed, and members of the Energy and Technology Committee:

Connecticut Fund for the Environment submits this testimony in support of efforts to expand the current property tax exemptions for renewable energy installations and other clean energy investments. Both S.B. 203 and S.B. 949 would accomplish this goal in different ways. Under the current statutes, several different categories of clean energy investments are exempted from property taxation. See Section 12-81(56), (57), (62), and (63). Notably, these provisions include an automatic exemption for renewable energy installations for residential properties with fewer than five units and farms as well as authorizations for municipalities to exempt cogeneration systems. S.B. 203 would provide an automatic exemption for renewable energy projects installed for commercial or industrial use. By contrast, S.B. 949 allows a municipality to exempt a broader range of clean energy projects at commercial and industrial properties and explicitly includes residential properties with five or more units. The most effective policy would be to take elements from both of these bills: the broader scope of S.B. 949 and the automatic exemption of S.B. 203.

These two bills represent productive steps to take and the Committee should strongly consider combining their best features.

Thank you for your consideration

Sincerely,

\_\_\_\_\_/s/\_\_\_\_\_  
\_\_\_\_\_

Mark LeBel  
Connecticut Fund for the Environment  
142 Temple St., Suite 305  
New Haven, CT 06510  
t: 203.787.0646  
[mlebel@ctenvironment.org](mailto:mlebel@ctenvironment.org)



State of Connecticut

HOUSE OF REPRESENTATIVES  
STATE CAPITOL

REPRESENTATIVE PENNY BACCHIOCHI  
FIFTY-SECOND ASSEMBLY DISTRICT

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HIGHER EDUCATION AND EMPLOYMENT  
ADVANCEMENT COMMITTEE  
PUBLIC SAFETY AND SECURITY COMMITTEE  
COMMITTEE ON VETERANS' AFFAIRS

Energy and Technology Committee Public Hearing  
March 5, 2013

Dear Chairmen Duff and Reed, Ranking Members Chapin and Hoydick, and distinguished members of the Energy and Technology Committee:

I am writing in *opposition to Proposed Bill No. 203 and rSB No 949* which gives property tax exemptions to any Class I renewable energy source installed for the generation of electricity for commercial and industrial use.

The Town of Somers was very excited last year to learn HelioSage would build a solar energy project in the community. The municipal leaders expressed that these types of projects should not qualify for any municipal tax exemption. The developers of this project knew the costs of building the facility prior to applying for and obtaining state and federal subsidies. The project developers knew that they would be responsible to the Town of Somers for property taxes. Now, with the plans already in place to move forward, HelioSage is requesting a tax abatement. If approved, the taxpayers in Somers would lose out on two million dollars in potential tax revenue over time.

The municipal leaders have asked me to oppose this legislation, on behalf of the taxpayers of the Town of Somers. Please note that the project is not creating any substantial jobs, nor will any of the energy produced be directed to the Town.

During times of such economic difficulty, when town and family budgets are under duress, this is not the type of legislation that our municipalities want to see.

I oppose Proposed Bill 203 and rSB No 949, and respectfully urge the Committee to vote against it. Thank you.



Connecticut Center for  
Advanced Technology, Inc.

Testimony of

Joel Rinebold

Director of Energy Initiatives

Connecticut Center for Advanced Technology, Inc.

before

Energy and Technology Committee

March 5, 2013

regarding

Proposed Bill No. 203

An Act Concerning Property Tax Exemptions for Renewable Energy Sources

And

Raised Bill No. 949

An Act Establishing Commercial and Industrial Property Tax Exemptions for Clean Energy Projects

*The Connecticut Center for Advanced Technology, Inc. ("CCAT") offers this testimony in support of Proposed Bill No. 203 - An Act Concerning Property Tax Exemptions for Renewable Energy Sources and Raised Bill No. 949- An Act Establishing Commercial and Industrial Property Tax Exemptions for Clean Energy Projects.*

The Connecticut Center for Advanced Technology, Inc. (CCAT) is generally supportive of the concept raised in these Bills that would be favorable for the development and use of Class I renewable energy including fuel cells that are or could be manufactured here in Connecticut.

***Provides additional opportunities to improve the business climate for commercial and industrial businesses:***

Providing an opportunity for tax abatement for clean energy project(s) will help allow businesses reduce energy costs and remain competitive. In addition, such abatements can be used as an economic development tool by municipalities and the state for business recruitment and retention.

**Promote the development and use of Class I renewable energy capacity:**

These Bills would improve project economics by providing an additional incentive that could facilitate the development of clean Class I renewable energy sources to meet municipal renewable energy goals and Connecticut's renewable portfolio standards (RPS) requirements.

**Create jobs and encourage economic development:**

Development of renewable energy facilities will create jobs and increase opportunities for economic development. For example, Class I renewable fuel cell capacity manufactured in the state and deployed at customer host sites in Connecticut would generate direct manufacturing jobs, as well as, indirect and induced jobs.

***Conclusion***

CCAT is supportive of the concept raised in these Bills that would encourage the development of Class I renewable energy resources, including fuel cell technology, in the State. The proposed Bills would increase the amount of Class I renewable facility development in the state. Such development would

support the state's RPS requirements, help to meet greenhouse gas reduction goals, provide high economic value to ratepayers, and create jobs.

Respectfully submitted,

Joel M. Rinebold  
Director of Energy Initiatives

CCAT is a nonprofit corporation that provides services and resources to entrepreneurs and businesses and, through collaboration with industry, academia, and government, helps companies innovate and compete in the global market. CCAT implements programs that improve the economic competitiveness of the region through solutions that lower energy costs and increase long-term energy reliability. CCAT undertakes energy planning, and promotes renewable energy, including advanced technologies and sustainable fuels such as hydrogen.



## *ENERGY & TECHNOLOGY COMMITTEE*

March 5, 2013

Good Morning,

My name is Lisa Pellegrini, I am the First Selectman of the Town of Somers. I am here on behalf of the Connecticut Conference of Municipalities (CCM). CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population.

I greatly appreciate the opportunity to discuss two bills of importance to CCM and the Town of Somers.

**SB 203**      **An Act Concerning Property Tax Exemptions for Renewable Energy Sources**

**SB 949**      **An Act Establishing Commercial and Industrial Property Tax Exemptions for Clean Energy Projects.**

While we appreciate the intent of SB 203, the proposal has far reaching consequences, as it would add yet another item to the ever-increasing list of state-mandated property tax exemptions by exempting property taxes for any renewable energy project located at commercial and industrial properties. The more prudent method would be to allow municipalities the option to exempt such facilities, as proposed in SB 949.

Current law provides property tax exemptions for homeowners and farms that install solar technology. The state-imposed obligations and state-imposed revenue due to property tax exemption losses force all municipalities to increase their property tax rates. *A list of exemptions is enclosed.*

Do not misunderstand; CCM is a proponent of renewable energy. However the host community should be afforded the opportunity to decide whether a commercial or industrial property -- regardless of whether it is a five acre or a hundred acre generation facility -- should be exempt from local property taxes.

Personally, I have spearheaded the installation of two large solar projects, one on our elementary school and another our Department of Works building, as well have expanded a solar project on our fire house.

A broad, statewide property tax exemption has far reaching consequences. For instance, Somers has a five a acre private solar photovoltaic installation being installed by a private developer on approximately 40 acres of private land. In discussions with the developer, it is valued at approximately \$15,000,000.

~ OVER ~

They have received substantial funding (over 50%) from both the federal and state government to build this system and will receive very generous tax credits for up to 30 years. In addition, while the system will generate enough power for over 600 homes, the company will be the only beneficiary that will enjoy the benefits of power generated of the facility. No power will be net metered to any municipal buildings. No power will go to residential homes specifically located in Somers. The town will not see any new job creation and the residents will not see a reduction in their electric bill.

The estimated loss of revenue to our town -- if the installation is exempted from property taxes -- would be \$2.5 million over nineteen years. This would be coupled with the proposed budget loss from PILOT and Pequot funds which are estimated at \$2,953,305 for Somers, along with an additional \$1.8 million loss from the motor vehicle tax. Somers annual budget is \$6.9 million, including the Board of Education budget it is approximately \$29 million, with property tax collection at an average of \$135,000 per year.

In these difficult budget times, towns and cities are required to do more with less. To freely give tax exemptions without looking into long term effects, will only increase the tax burden on the home owners in communities and jeopardize local services.

Therefore, we urge you to oppose Senate Bill 203.

Thank you for your time and consideration of this matter.

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If you have any questions, please contact Mike Muszynski, Legislative Associate at  
([mmuszynski@ccm-ct.org](mailto:mmuszynski@ccm-ct.org)) or via phone (203) 500-7556.

## STATE MANDATED PROPERTY TAX EXEMPTIONS

Every year there are many well-intentioned proposals to reduce the property tax burden of one group or another. Everybody wants out of the property tax – but peeling off one group after another is not reform. Again, these would only serve to shift the burden of those taxes to the remaining property owners of a given municipality.

Currently, there are close to two-dozen opportunities for property tax abatement at municipal option and 77 mandated ones (see below).

In an economy where local officials are struggling to sustain critical services – amidst growing deficits, evaporating revenues, and layoffs – this bill would negatively impact hometown budgets. Towns and cities have already suffered significant cuts in state aid over the last several years and the State is currently grappling with a huge deficits. This is not the time for enacting any new unfunded mandates, no matter what the reason.

The following property is exempt from taxation per Connecticut General Statutes (C.G.S. §12-81):

1. Property of the United States
2. State property, reservation land held in trust by the state for an Indian tribe.
3. County Property (repealed).
4. Municipal Property.
5. Property held by trustees for public purposes.
6. Property of volunteer fire companies and property devoted to public use.
7. Property used for scientific, educational, literary, historical or charitable purposes.
8. College property.
9. Personal property loaned to tax-exempt educational institutions
10. Property belonging to agricultural or horticultural societies.
11. Property held for cemetery use.
12. Personal property of religious organizations devoted to religious or charitable use.
13. Houses of religious worship.
14. Property of religious organizations used for certain purposes.
15. Houses used by officiating clergymen as dwellings.
16. Hospitals and sanatoriums.
17. Blind persons.
18. Property of veterans' organizations.
  - a. Property of bona fide war veterans' organization.
  - b. Property of the Grand Army the Republic.
19. Veteran's exemptions.
20. Servicemen and veterans having disability ratings.
21. Disabled veterans with severe disability.
  - a. Disabilities.
  - b. Exemptions hereunder additional to others. Surviving spouse's rights.
  - c. Municipal option to allow total exemption for residence with respect to which veteran has received assistance for special housing under Title 38 of the United States Code.
22. Surviving spouse or minor child of serviceman or veteran.
23. Serviceman's surviving spouse receiving federal benefits.
24. Surviving spouse and minor child of veteran receiving compensation from Veteran's Administration.
25. Surviving parent of deceased serviceman or veteran.
26. Parents of veterans.
27. Property of Grand Army Posts.
28. Property of United States Army instructors.
29. Property of the American National Red Cross.
30. Fuel and provisions.
31. Household furniture.
32. Private libraries.
33. Musical instruments.
34. Watches and jewelry.
35. Wearing apparel.

36. Commercial fishing apparatus.
37. Mechanic's tools.
38. Farming tools
39. Farm produce.
40. Sheep, goats, and swine.
41. Dairy and beef cattle and oxen.
42. Poultry.
43. Cash.
44. Nursery products.
45. Property of units of Connecticut National Guard
46. Watercraft owned by non-residents (repealed).
47. Carriages, wagons, and bicycles.
48. Airport improvements
49. Nonprofit camps or recreational facilities for charitable purposes
50. Exemption of manufacturers' inventories.
51. Water pollution control structures and equipment exempt.
52. Structures and equipment for air pollution control
53. Motor vehicle of servicemen.
54. Wholesale and retail business inventory.
55. Property of totally disabled persons.
56. Solar energy systems.
57. Class 1 renewable energy sources and hydropower facilities.
58. Property leased to a charitable, religious, or nonprofit organization
59. Manufacturing facility in a distressed municipality, targeted investment community, or enterprise zone.
60. Machinery and equipment in a manufacturing facility in a distressed municipality, targeted investment community, or enterprise zone
61. Vessels used primarily for commercial fishing.
62. Passive solar energy systems.
63. Solar energy electricity generating and cogeneration systems
64. Vessels.
65. Vanpool vehicles.
66. Motor vehicles leased to state agencies.
67. Beach property belonging to or held in trust for cities.
68. Any livestock used in farming or any horse or pony assessed at less than \$1000
69. Property of the Metropolitan Transportation Authority
70. Manufacturing and equipment acquired as part of a technological upgrading of a manufacturing process in a distressed municipality or targeted investment community
71. Any motor vehicle owned by a member of an indigenous Indian tribe or their spouse, and garaged on the reservation of the tribe (PA 89-368)
72. New machinery and equipment, applicable only in the five full assessment years following acquisition.
73. Temporary devices or structures for seasonal production, storage, or protection of plants or plant material
74. Certain vehicles used to transport freight for hire
75. Certain health care institutions.
76. New machinery and equipment for biotechnology, after assessment year 2011
77. Real Property of any Regional Council or Agency

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BEFORE THE  
STATE OF CONNECTICUT  
JOINT COMMITTEE ON ENERGY AND TECHNOLOGY

March 5, 2013

Testimony of Daniel Allegretti

For

Exelon Corporation

On

Proposed Bill No. 203 (LCO 1224)

And

Raised Bill No. 949 (LCO 3440)

# 11

Members of the committee, thank you for the opportunity to present this testimony today. My name is Daniel Allegretti and I am a Vice President for State Government Affairs with Exelon Corporation ("Exelon"). Exelon supports Proposed Bill 203 and Raised Bill 949 and urges their passage.

### **Exelon**

By way of introduction, Exelon is a Fortune One Hundred company, headquartered in Chicago, Illinois, with operations and business activities in 47 states, the District of Columbia and Canada. Exelon owns Commonwealth Edison Company, the Baltimore Gas and Electric Company and PECO Energy Company, which combined own electric transmission and distribution systems that deliver electricity to approximately 6.6 million customers. Here in Connecticut, we are best known through our retail brand, Constellation New Energy, which provides electricity directly to thousands of Connecticut businesses and residents and to over a million customers nationwide. Exelon is also the largest competitive power generator in the U.S., with approximately 35,000 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets, that includes over 3000 megawatts here in New England region. Exelon is a developer of distributed solar generation projects in conjunction with our Constellation New Energy retail electric business and is actively pursuing projects here in Connecticut and across the U.S.

### **Property Taxes**

The effect of local property tax on the solar projects we develop for our commercial electricity customers here in Connecticut is very significant. The annual property tax is among the largest budget items in the operations of a 20-year solar project being undertaken by Constellation and one of its customers. When the project costs are rolled up into a contract for electricity, the property tax component alone makes up roughly fifteen percent of the electricity sales price.

Our goal is to provide our business customers with clean and affordable electricity over time. We help them manage their power needs so that they can continue to focus on what they do best, maintaining and growing their business and deploying their time, effort and financial resources to do so. Unfortunately, we can not help as many customers in Connecticut as we would like. Because tax rates vary widely from one community to another and because they have such a large effect on project economics, our development efforts are limited to those communities with the lowest tax burdens. These bills, however, would remove that barrier and open the entire State to the same solar development opportunities for all Connecticut electric customers. For the foregoing reasons, I urge the Committee to adopt these bills.

Thank you.



Connecticut Department of  
**ENERGY &  
ENVIRONMENTAL  
PROTECTION**

**STATE OF CONNECTICUT  
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**

Public Hearing – March 5, 2013  
Energy and Technology Committee

Testimony Submitted by Commissioner Dan Esty  
Presented By Deputy Commissioner Katie Dykes

**Proposed Senate Bill No. 203 - AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES**

and

**Raised Senate Bill No. 949 – AN ACT ESTABLISHING COMMERCIAL AND INDUSTRIAL PROPERTY TAX EXEMPTIONS FOR CLEAN ENERGY PROJECTS**

Thank you for the opportunity to present testimony regarding; Proposed Senate Bill No. 203 – An Act Concerning Property Tax Exemptions for Renewable Energy Sources, and Raised Senate Bill No. 949 – An Act Establishing Commercial and Industrial Property Tax Exemptions For Clean Energy Projects. The Department of Energy and Environmental Protection (DEEP) welcomes the opportunity to offer the following testimony.

These proposals, which we strongly support, would allow help encourage commercial and industrial property owners to install renewable energy systems by removing any increased property tax allowing municipalities to exempt the value of such improvements from the assessed value of the property for purposes of determining its tax liability. Such an exemption already exists for residential renewable energy systems and these bills would merely enable a municipality to extend that exemption to commercial and industrial properties.

At the heart of the State's Comprehensive Energy Strategy DEEP leveraging private investment to help secure a cheaper, cleaner and more resilient energy future. In many ways these bills propose a no cost way to encourage the private sector to invest in cleaner energy resources. As you know the cost of these systems already constitutes a significant financial barrier for many businesses that would really like to become "greener" or just more independent. The additional – and ongoing – property tax burden just adds to the cost barrier that inhibits wider adoption of larger renewable systems. Since the municipalities will never realize an increased tax if the systems are not deployed, they are really forgoing potential, rather than existing revenue, with the exception of those limited circumstances where a tax assessment has been collected from systems installed since 2011.

Since these are municipal options there is really no downside to these bills. Instead they grant our cities and towns a tool that many have requested to help advance their clean energy agendas. We encourage the committee to act favorable on these bills.

Thank you for the opportunity to present testimony on these proposals. If you should require any additional information, please contact DEEP's legislative liaison, Robert LaFrance at 424-3401 or [Robert.LaFrance@ct.gov](mailto:Robert.LaFrance@ct.gov)

**The Energy and Technology Committee**

**Public Hearing, March 5, 2013**

**Office of Consumer Counsel**

**Elin Swanson Katz, Consumer Counsel**

**Testimony of Elin Swanson Katz**

**Proposed S.B. No. 203, An Act Concerning Property Tax Exemptions  
for Renewable Energy Sources**

**S.B. No. 949, An Act Establishing Commercial and Industrial Property Tax  
Exemptions for Clean Energy Projects**

Each of these bills seeks to establish an exemption from property taxes for clean energy projects on commercial and industrial properties, supplementing the existing exemption for residential and farm properties. S.B. 203 would provide for a broad-based and total exemption, while S.B. 949 fleshes out some of the details and parameters of a potential exemption.

OCC is supportive of the concept of exempting clean energy sources from property taxes either unconditionally or with limited conditions. It is our understanding, that some commercial and industrial customers who followed the state's goals by installing solar panels on their property have had the unfortunate surprise of finding that their property tax increase drastically reduces or even reverses the energy savings. As a policy matter, it will be difficult to continue to promote the installation of clean energy sources at commercial and industrial sites if the savings from doing so can be suddenly reversed. While savings estimates are not necessarily guaranteed, and can change due to market conditions not controlled by the government, the state and municipal

governments should work together to ensure that savings expectations are not quickly nullified by events that are within government control.

As the statutory representative for electricity customers, I hope that this situation can be dealt with in a way that leads to fulfillment of the reasonable savings expectations of early adopters of clean energy technology.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**ENERGY AND  
TECHNOLOGY  
PART 3  
679 - 997**

**2013**

# MEMC



Written Testimony of SunEdison LLC

In Support of

Proposed Senate Bill No. 203 – An Act Concerning Property Tax Exemptions  
For Renewable Energy Sources

AND

Raised Bill No. 949 - An Act Establishing Commercial and Industrial Property Tax Exemptions  
For Clean Energy Projects

Fred Zalcman, Managing Director of Regulatory Affairs – Northeast States

March 5, 2013

Senator Duff, Representative Reed, and members of the Joint Energy Committee, SunEdison offers this written testimony in support of Proposed Senate Bill No. 203 and Raised Bill No. 949 to extend property tax exemptions to non-residential solar energy systems.

My name is Fred Zalcman and I am the Managing Director of Regulatory Affairs for SunEdison, LLC, North America's leading solar energy services provider. Founded in 2003, SunEdison currently employs 600 people in our Belmont, California headquarters facility and in our regional operation centers throughout the world. SunEdison is a wholly owned subsidiary of MEMC<sup>1</sup>, a global leader in the manufacture and sale of wafers, the basic building block to the semiconductor and solar industries

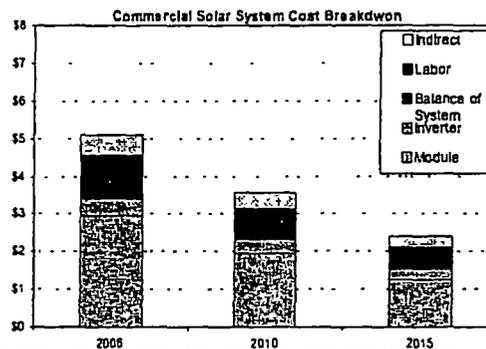
SunEdison currently has over 1,000 MW of solar capacity under management. Here in Connecticut we operate 16 rooftop solar facilities, providing over 3 MW in clean and predictably priced solar capacity to our commercial and municipal customers, including the City of Stamford, Staples, Kohl's and Whole Foods. SunEdison is also partnering with the Connecticut Conference of Municipalities (CCM) to offer solar energy as an energy option to cities and towns across the state.

SunEdison appreciates this opportunity to comment on SB 203 as part of an overall strategy to reduce the cost and increase the deployment of this clean, abundant, local and renewable energy technology. Solar costs are declining rapidly. Much of this cost decline is attributable to cost reductions

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<sup>1</sup> Listed on the New York Stock Exchange under the ticker symbol "WFR" and included in the S&P 500 Index.

achieved in solar modules, the major equipment component in solar systems. While the State of Connecticut has little influence over module costs – which are influenced more by global market conditions and technology advancements – as the recently released Comprehensive Energy Strategy underscores, the State does have more control over other “soft” costs such as taxes, permitting, labor costs, financing and other distinctly local factors. As module costs continue to decline, these soft costs are coming to represent a higher and higher proportion of the total system installed cost and provide a key target in accelerating solar’s drive to retail grid parity.<sup>2</sup>



U.S. Department of Energy Solar Energy Technologies Program, *Solar Energy Industry Forecast (2008)*  
 Figures for 2006 are actual historical costs; 2010 and 2015 are forecasts.

The landscape for municipal property taxation of solar photovoltaic systems in Connecticut is perhaps the most challenging in the nation. There are several interrelated issues:

- **Tax variability.** The mill rates vary quite widely across the various jurisdictions throughout Connecticut. Higher rates tend to be concentrated in urban areas, precisely where behind-the-meter rooftop solar systems may be most advantageous.
- **Amount of the tax liability.** Connecticut’s higher property tax rates translate into several cents per kilowatt-hour on the customers’ solar power purchase agreement (PPA).<sup>3</sup> Since customers tend to install solar systems only where the resulting retail price is competitive with grid supply, higher property taxes tend to undermine project viability.

<sup>2</sup> See Ardani, et.al, *Benchmarking Non-Hardware Balance of System (Soft) Costs for U.S. Photovoltaic Systems Using a Data-Driven Analysis from PV Installer Survey Results*, National Renewable Energy Lab (NREL), November 2012, available for download at <<http://www.nrel.gov/docs/fy13osti/56806.pdf>> (finding that permitting, interconnection and inspection (PII), labor, and customer acquisition accounts for 23% of total residential system costs and 17% of small commercial system costs).

<sup>3</sup> As an example, we estimate that a 1 MW system located in Hartford would have a tax liability of approximately \$130,000 in the first year of operation. Assuming this system generates 1,300 MWh, this is an effective tax of 10 cents per kwh – generally more than the direct retail rate of the power itself.

- **Lack of standardized valuation approach.** The methodology for valuing solar systems may not be uniform and standardized across the state. That is, it is still unclear as to whether individual jurisdictions will treat solar systems as personal or real property for taxing purposes. Depending upon the determination of asset class, this could have significant cost implications for a given project.
- **Inconsistent and unpredictable application.** There remains a general lack of familiarity among local assessors with solar as an emerging technology, and with the various revenue streams that support project development. This can contribute to the lack of predictability and consistency in treatment of such systems for property tax purposes.
- **High transaction costs and inconsistent compliance.** There is a corresponding lack of familiarity among solar developers with the complex legal and practical landscape of property tax liability in Connecticut.

The lack of clarity around taxation of solar systems has important ramifications for solar development in Connecticut generally, and more specifically in its interaction with the newly established Zero Emission and Low Emission Renewable Energy Credit (ZREC/LREC) Programs:

- High property tax rates place certain jurisdictions at a competitive disadvantage and invites "forum shopping". Some cities like Hartford are clear outliers, with mill rates several multiples higher than elsewhere in the state. Customers in such jurisdictions will be severely handicapped in statewide ZREC/LREC solicitations, since these costs must be monetized in the REC bid price.
- Developers who assume away property tax liability in their pricing proposals will gain a competitive advantage in the ZREC solicitations. Since the utilities have no means of determining whether property taxes have properly been embedded in the ZREC/LREC bid price, all other things equal, contract awards will tend to go to projects that fail to account for such liabilities. This increases the risk that the ZREC/LREC solicitation will result in non-viable projects.
- Higher property taxes will have to be offset through higher ZREC bids. Apart from making such projects less competitive, this results in a potential cost shift from the local taxing jurisdiction to ratepayers.

There are a number of approaches that the General Assembly could consider to address this situation, including an across-the-board exemption for solar systems serving on-site load (as provided for in SB 203); providing a standardized (\$/MW) valuation for solar energy systems statewide; to providing a local option for exempting non-residential solar PV systems from property tax liability (such as contemplated in RB 949). The right solution, or mix of solutions, will depend in part on the discretion the General Assembly and the Governor wished to accord individual towns to provide tax relief to solar system owners and developers.

Thank you for your consideration of our views. We look forward to working with the members of the Joint Committee and the Administration as this important policy moves forward

Fred Zalcman  
Managing Director of Govt. Affairs, Northeast States  
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**Statement of the Connecticut Clean Energy Finance and Investment Authority  
 Regarding Raised Bill S.B. 949**

**AN ACT ESTABLISHING COMMERCIAL AND INDUSTRIAL PROPERTY TAX  
 EXEMPTIONS FOR CLEAN ENERGY PROJECTS**

The Clean Energy Finance and Investment Authority (CEFIA) strongly supports the intent of S.B. 949, An Act Establishing Commercial and Industrial Property Tax Exemptions for Clean Energy Projects. CEFIA also would like to recognize S.B. 203 An Act Concerning Property Tax Exemptions for Renewable Energy Sources, which appears to have the same general intent as S.B. 949.

S.B. 949 provides support and the potential for long-term benefits associated with Connecticut's energy, environmental and economic development goals. CEFIA believes authorizing or requiring municipalities to exempt property tax associated with the value of a Clean Energy Project in commercial and industrial (C&I) buildings will further enable many businesses and property owners to engage in smart energy opportunities.

There is currently a mandatory clean energy property tax exemption for the residential sector that applies to systems installed meeting the definition in C.G.S. 16-1(26). S.B. 949 further expands the definition of clean energy to align and be consistent with CEFIA's statutory definition of clean energy set forth in C.G.S. 16-245n.

This expanded definition of clean energy provides additional support to energy efficiency upgrades, distributed generation, including solar thermal and geothermal, and other clean energy resources that will provide energy, environmental as well as local economic development benefits, as well as all resources captured under the Class I definition in 16-1(26). Thus, this proposed C&I property tax exemption policy would go further and deeper, by expanding the definition to incorporate not only Class I projects, but other valuable projects consistent with the clean energy goals of the State.

While some towns may see this as a "lost revenue opportunity", the reality is that many proposed projects will not move forward as a result of the increased property tax burden. For example, a particular project in a C-PACE municipality stands to lose a clean energy opportunity as a result of the property tax issue. Unfortunately, the savings after calculating the anticipated property tax burden is inadequate to cover the interest on the investment and would essentially make the project uneconomic. The payback period in this particular example would be nearly doubled as a result of the property tax obligation associated with the clean energy improvements.

Empowering our businesses and property owners to stabilize and even reduce their energy costs will provide long-term benefits to municipalities independently and the State collectively. These benefits will support job creation, a better commercial and industrial building stock in Connecticut, reduce emissions and thus improve air quality, and overall provide local economic development gains.

There are many programs intended to support smarter energy choices and the increased property tax associated with these energy opportunities are, in many instances, a barrier. This proposed bill will (1) further the mission of CEFIA, (2) strengthen CEFIA's ability to utilize private capital being attracted in Connecticut by increasing demand for financing, and (3) provide additional benefits to the state of Connecticut and its citizens and businesses through programs that support the deployment of these energy resources and the economic development opportunities that they provide.

CEFIA is pleased to be a part of the new energy, environmental and economic development landscape in Connecticut and looks forward to supporting the legislature's and Governor's vision to deliver cleaner, cheaper and more reliable sources of energy.

We thank you again for the opportunity to provide these comments and we look forward to working with your committee.

## Town of Colebrook

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562 COLEBROOK ROAD • PO BOX 5 • COLEBROOK CONNECTICUT 06021 • TELEPHONE 860-379-3359 • FACSIMILE 860-379-7215

March 4, 2013

The Energy and Technology Committee  
General Assembly, State of Connecticut

RE: (1) S.B. No. 949 (Raised) An Act to Establish  
Commercial Industrial Property Tax Exemptions for  
Clean Energy Projects  
(2) Proposed S.B. No. 203, An  
Act Concerning Property Tax Exemptions for Renewable  
Energy Sources

Ladies and Gentlemen:

As the First Selectman of the only Town in Connecticut in which, to date, the Connecticut Siting Council has approved industrial/commercial wind turbines (three 1.6 megawatt wind turbines at two different sites for a total of six wind turbines, each to have a total height above ground level of 463 feet measured to the apex of the turbine blades), I believe the Town of Colebrook can approach the proposed assessment tax exemptions embodied in the above Bills from a unique perspective. For your information, the Town took no position before the Siting Council either in favor of or against industrial/commercial wind turbines in general or with respect to the locations proposed for these particular wind turbines, but presented testimony to and sought protection from the Siting Council relating to the very significant impacts to the Town that industrial/commercial wind turbines could create.

Although this letter addresses municipal assessment exemptions relating primarily to wind turbines, the comments which follow would apply in general to all types of clean energy generation.

It was apparent from the information presented to the Siting Council by all parties in interest with respect to the two Colebrook Petitions that, at the least, there were a number of issues associated with large industrial/commercial wind turbines which would be of concern to any municipality: Town infrastructure (roads, intersections, drainage facilities, etc.) could be damaged and require repair/reconstruction on account of activity during and after the period of time in which the wind turbines and appurtenances relating thereto were being constructed, repaired/replaced and

eventually decommissioned and removed; the need for engineering expertise relating thereto; erosion, sedimentation and wetlands issues during construction and decommissioning periods; unusual fire protection issues which might be associated with the wind turbines; prompt decommissioning of those wind turbines which might be permanently taken out of use; noise studies; and appropriate bonding relating to the foregoing (collectively the "Municipal Concerns").

Our experience in Colebrook is such that I believe the best way for a Town to address Municipal Concerns is through a so-called Host Community Agreement between the Town and the large industrial/commercial wind turbine operator (the "Operator"). Unfortunately, there is no legal requirement whatsoever requiring an Operator to enter into any such agreement with the Town. Normally such agreements have as a cornerstone provisions concerning municipal assessment and taxation - since the Operator is normally very concerned about predicting and reporting expected expenses. If such industrial/commercial wind turbines were to be exempt from municipal assessment/taxation, there would be no incentive for the Operator to negotiate and consummate any Host Community Agreement with the Town - which would be a substantial detriment to the Town.

Turning to the specific Bills mentioned above:

1. S.B. No. 949 (Raised).

This Bill does not attempt to make any distinction between (a) wind turbine projects designed to offset the cost of electricity to be consumed on a specific commercial or industrial property, such as the needs of a local factory and (b) a project which is designed to generate electricity far beyond the needs of any facility existing on the property from which the generation of electricity is being produced, such as large industrial/commercial wind turbines.

Inasmuch as Subsection (B) of S.B. No. 949 specifically defines a "clean energy project" to mean "any project at a commercial or industrial property that supports, promotes or stimulates demand for or deployment of clean energy, defined in subsection (a) of section 16-245n . . .," such definition would include the industrial/commercial wind turbines approved by the Siting Council in Colebrook, since the same would certainly support or promote the deployment of clean energy, as so defined.

Although the Bill requires authorization of the exemption by ordinance in the municipality, if the municipality wanted to exempt from assessment a small wind turbine to be used to offset a local factory's electrical consumption, the Town's adoption of the required

ordinance would exempt large industrial/commercial wind turbines designed to create energy to be consumed off site. As noted above, any assessment exemption relating to large industrial/commercial wind turbines would not benefit a town. In a Town like Colebrook for instance, such industrial/commercial wind turbines might be the largest industrial/commercial enterprises in Town, yet the Town would have no control over their location or any of the particulars of operation. In addition to the lost revenues associated with an industrial/commercial enterprise over which the town had no significant role approval process, the town would not even have any leverage in connection with negotiating a sensible Host Community Agreement - if there were an assessment exemption.

Proposed S.B. No. 203:

The Statement of Purpose for S.B. No. 203 can certainly be read as an expansion of that exemption currently embodied in Section 12-81(57) of the Connecticut General Statutes which deals with the exemption of Class 1 renewable energy sources installed for the generation of electricity for private residential use or on a farm. However, subsection 57 specifically provides that such installation "is for a single family dwelling, multi family dwelling consisting of two to four units or a farm; i.e. the renewable energy source is associated with a particular residential use or a particular farm use. However, the Bill, as written, is much broader and would include large industrial/commercial wind turbines under any such exemption such as those approved by the Siting Council to be located in Colebrook. Thus, all of the comments set forth above concerning S.B. No. 949 would be equally applicable to S.B. No. 203.

To Summarize: I believe that there should be no assessment/tax exemption for large industrial/commercial wind turbines, even if they represent clean energy.

Although I am unable to attend the public hearing on the above Bills, I appreciate the opportunity to present our written testimony, as set forth above.

Very truly yours,



Thomas D. McKeon  
First Selectman

**H – 1163**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2013**

**VOL.56  
PART 14  
4512 – 4855**

If not, we'll return to the Calendar. Will the Clerk please call Calendar Number 437.

THE CLERK:

Calendar Number 437 on page 51, Favorable Report of the Joint Standing Committee on Energy and Technology, Substitute Senate Bill 203, AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES.

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. REED (102nd):

I move for acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

SPEAKER SHARKEY:

Question is acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

Will you remark further?

One moment, madam.

Representative Zupkus.

REP. ZUPKUS (89th):

Good morning, Mr. Speaker. Thank you.

I rise today to recuse myself from this bill.

SPEAKER SHARKEY:

Thank you, madam.

REP. ZUPKUS (89th):

For conflict of interest.

SPEAKER SHARKEY:

Thank you, madam.

The Chamber will stand at ease.

(Chamber at ease.)

SPEAKER SHARKEY:

The Chamber will come back to order.

Representative Reed, will you remark?

REP. REED (102nd):

Mr. Speaker, this bill provides property tax exemptions for renewable energy installations that are added to businesses and industrial complexes. Mr. Speaker, the Clerk has in his possession LCO 5980, which is designated Senate Amendment "A". I

respectfully request that he be asked to call it and that I be permitted to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 5980, which has been previously designated Senate Amendment "A".

THE CLERK:

Senate Amendment "A", LCO 5980, as represented by Duff -- as offered by Senator Duff, Representative Reed, and Representative Hoydick.

SPEAKER SHARKEY:

Gentlewoman seeks leave of the Chamber to summarize. Is there objection? Is there objection? Seeing none, you may proceed with summarization, madam.

REP. REED (102nd):

Mr. Speaker, we have created some really remarkable programs that encourage businesses and industrial complexes to go greener and cleaner and also save considerable amounts of money by installing solar or wind or other kinds of renewable energy options. This amendment provides guidelines to municipalities who wish to transition into property tax forgiveness for renewable installations or commercial structures. I move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption of Senate Amendment "A". Will you remark?

Representative Hoydick of the 120th.

REP. HOYDICK (120th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. HOYDICK (120th):

A few questions to the proponent of the bill.

SPEAKER SHARKEY:

Please proceed, madam.

REP. HOYDICK (120th):

Through you, Mr. Speaker, to my friend and Chairwoman of the Energy Committee, would you please go over in Amendment "A" sections (b), (c), and (d), and the differences in those -- in those sections which outline when something will be tax exempt and how this will proceed forward.

Through you, Mr. Speaker

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

So essentially we discovered when these bills come out and meet the real world that there are some installations, some renewable installations that are already part of the tax base in certain municipalities. So the first segment exempts certain installations that were built, let's see I'm looking at the date, prior to a date that is designated. And those are still allowed to be part of the tax base so that that tax base is not made deficient.

The second deals with essentially New Haven and a wind turbine that seeks to be exempted and this will allow that to happen.

The third allows municipalities between certain dates to opt in or out, to transition themselves.

And then the fourth point is after October 1, 2013, for facilities installed between January 2010 and December 31, 2013, would begin to impose a mandated exemption.

SPEAKER SHARKEY:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

And thank you, Representative Reed, for that answer. So as I understand this, if in the assessment

years for the first section, for New Haven specific, that municipality -- municipal legislative body, city council, can exempt -- can exempt a generation previously built or currently -- or already in existence now?

The second section is for those municipalities who would like to exempt it. Their legislative body, their municipal body has to vote to do so in the future or it can vote to do that now.

And thirdly, from the assessment years of October 2014 going forward, it becomes an exemption to anyone. Is that -- am I repeating what you said correctly?

Through you, Mr. Speaker

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

The gentle lady from Stratford is correct.

SPEAKER SHARKEY:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you very much.

Mr. Speaker, I rise in support of this amendment and consequently since it's a strike-all the bill. It provides an opportunity for cities and towns to -- to

exempt, create less taxes which is something near and dear to my heart, commercial generation for renewable energy. There are a few things that I'd like to talk about for a minute if you would indulge me.

When the bill passed through Energy and Technology initially, my caucus and I voted against it because we viewed this as a negative mandate on municipalities, taking away tax revenue that they currently had in place. And for my own town, in Stratford, one of the facilities would have been -- has a renewable -- has CHP and also has solar panels, would have been 750,000 less in tax revenue which is a large hit for a municipality. And because -- as this came forward through the Chairs and the Co-Chairs and the -- and the Ranking Members, the -- they allowed us to work with them so we could devise some kind of program that would phase this in, in essence. It would make us greener and it would make us more palatable to the communities. I just wanted it a little quieter because this is really important legislation, Mr. Speaker.

SPEAKER SHARKEY:

Will the Chamber take your conversations outside so the Chamber can hear the gentle ladies speaking on the bill. Thank you.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Please proceed.

REP. HOYDICK (120th):

The point that I wanted to make is that as the Chairs and the Vice Chairs and the Rankings realized how detrimental this could be to our -- our cities and towns, we all worked together to make better legislation. And by doing that, it afforded me the opportunity to be a co-sponsor with the Chairs on this -- on this bill.

The other thing, this really shows a positive effort in bipartisan effort of when we're together, we make maybe something we all don't like at least palatable. And I'd like to thank the Co-Chairs for engaging us in this and allowing us to make this bill better.

There's also a couple other things I'd like to point out for members of my caucus who may not be aware that in encouraging -- in doing this, we are

encouraging property owners to invest in renewable energy. And the municipalities have not yet claimed this as revenue, so it is reducing taxes. And I think as we move forward and we're trying to be a greener, more self-sustained, have less of a carbon footprint, this is very, very positive legislation. So I rise in support and I encourage my colleagues to do so. Thank you.

SPEAKER SHARKEY:

Thank you, Madam.

Would you care to remark? Would you care to remark further on Senate Amendment "A"?

If not, let me try your minds, all those in favor of Senate Amendment "A" please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Those opposed, Nay.

REPRESENTATIVES:

Nay.

SPEAKER SHARKEY:

The Ayes have it. The amendment is adopted.

Do you care to remark further on the bill as amended? Do you care to remark further on the bill as amended?

Representative Bacchiochi of the 52nd.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

I've heard from several -- several towns not only the ones I represent but others, of their concerns of what the impact will be on them, what the loss of revenue could be to them. And through you, Mr. Speaker, could I ask the proponent of the amendment -- bill as amended why this couldn't be left to towns to make their own decision and make it optional?

Through you, Mr. Speaker

SPEAKER SHARKEY:

Representative Reed.

REP. REED (102nd):

Through you, Mr. Speaker, Representative Bacchiochi has I know been very, very much involved in the kinds of renewable potential that a lot of our districts have. What we've discovered is that some of these renewables, the deals get made and then they go away because some of the -- the tax assessors are not

fully educated yet as to what a benefit this is to their community. We actually had one deal involving a big company that was putting solar arrays on its roof, about to acquire them under the ZREC Program. And suddenly the tax assessor showed up not really understanding the -- the full weight of what we're trying to do in terms of decarbonizing the atmosphere, encouraging businesses to save money, and to do the right thing. The tax assessor showed up and informed the owner of this huge business with a huge roof that it could've done a lot of good, that they were going to tax him \$13,400 a year for an array that was going to save him \$13,000 a year. So he did the math and pulled the plug on the deal.

This is the kind of thing we've been hearing. It's exceedingly short-sighted for some municipalities to not understand that this, in addition to everything else, is a good business bill. This is an ability to not only help the businesses that are in your district and in your town that are currently there and help them acquire the kinds of renewables that are going to save them on energy and help decarbonize the atmosphere for the entire community.

But it's also a great marketing opportunity to welcome potential businesses into your community by saying you're one of those places that forgives property taxes, so we on -- on solar arrays, on new ones. So you're not losing anything from your current budget, this is prospective taxation. And you are welcome to tax the buildings and -- and the machinery and anything else. So you're going to be making considerable property taxes already. And so we really felt it was important to kind of send this message. And also to continue the education of all of the wonderful programs we have that are available to help businesses and industry reduce costs.

Sorry for the long answer, but I just want -- because I know you're so interested in this, Representative Bacchiochi.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

And while I do support the underlying bill, I do continue to have concerns that the State is making this decision, the towns will, going forward after a

specified date, will no longer be able to carefully review the projects for which they will be exempt. In fact, prior to some hard work by the Chairs and Ranking Members, the original bill included a tax exemption for a very large solar commercial farm located in my district. It is a solar project that, while it is a good project, it will not create any jobs in the town it is located, it will not feed back any energy into -- into the grid in the town in which it is located. If not for the hard work of the Chairs and Ranking Members, that too would have been exempt. So I think we need to be exceedingly careful. We definitely want to help our businesses, we want to support the new solar projects that are going forward, but I do think that we should consider allowing this to be a municipal option.

And for that reason, Mr. Speaker, the Clerk is in possession of an amendment, LCO Number 6739. May the Clerk please call and I be allowed to summarize.

SPEAKER SHARKEY:

Will the clerk please call LCO 6739, which will be designated House Amendment "A".

THE CLERK:

House Amendment "A", LCO 6739, introduced by  
Representative Bacchiochi.

SPEAKER SHARKEY:

The gentlewoman seeks leave of the Chamber to summarize. Is there objection? Seeing none, you may proceed with summarization, madam.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

As I said, this will simply allow towns the option to make a decision as to whether or not they want to provide a solar exemption and I move adoption.

SPEAKER SHARKEY:

The question is adoption of House Amendment "A". Will you remark? Will you remark on House Amendment "A"?

REP. BACCHIOCHI (52nd):

Mr. Speaker?

SPEAKER SHARKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Yes, and I do want to point out why I think that it's important to allow a municipal option. As the good Chairwoman said, this could be a tool for municipalities who choose to offer a tax abatement or

a tax exemption to make their city or town much more competitive. If we simply blanket it and force it on all municipalities, we do lose the opportunity for cities who choose it to become more competitive.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

Do you care to remark further on House Amendment "A"?

Representative Reed.

REP. REED (102nd):

Mr. Speaker, just wanted to reiterate that we feel that this is really good legislation, it's great for the communities. There is already residential forgiveness on solar arrays and renewable arrays on residential buildings, so we're extending this to business. It's good for business, it's good for communities. I always welcome the input of Representative Bacchiochi, but on this one I'm asking my colleagues to vote no on this amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

Do you care remark further on House Amendment  
"A"? Do you care to remark further on House Amendment  
"A"?

If not, let me try your minds. All those in  
favor of House Amendment "A" please signify by saying  
Aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Those opposed, Nay.

REPRESENTATIVES:

Nay.

SPEAKER SHARKEY:

The no's have it. The amendment fails.

Do you care to remark further on the bill as  
amended? Do you care to remark further on the bill as  
amended?

Representative Candelora of the 86th.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise with some concerns with the  
underlying bill, and I share some of the sentiments of  
Representative Bacchiochi. One of the concerns I  
think that we should have as a Legislature is at a

local level over the past decade we have seen anemic growth from a town's grand list because where we saw commercial development sort of drive tax revenues at the local level and even residential development over the last 20 or 30 years, we're no longer seeing that type of development.

And so municipalities need to rely on items such as the personal property taxes in order to make up for the loss of the traditional brick-and-mortar growth to a grand list. And so every time we start carving out these exemptions we're taking away, we're carving out an ability for the towns to seek revenue. They have no other means to generate revenue other than through the property taxes. And I think the underlying bill is very laudable, but I'm reminded back of I think years ago when we pushed for manufacturing and we created the exemption for manufacturing equipment. And as a state as a policy, we exempted that equipment at a municipal level, but the state paid for it through a pilot program. And unfortunately when we hit tough economic times, we took away that pilot money. But we tried to make the towns whole, and I think we succeeded in doing so, through the sales tax stream.

And I'm concerned sort of philosophically what we're doing with this piece of legislation is that we are removing an ability, a revenue stream, for our towns and we're stating that this is a public policy we want to put forth. And I think it's fantastic, I get it, I think we should be promoting it. But I really truly believe the State, therefore, should be funding it because towns can't afford to lose these precious pieces of revenue streams. And as we continue to see on the local level, we're eating away at them.

I know in my community we just recently passed a budget that we saw, it was an under a one percent increase to our board of education and to the local government. It still translated to a mill increase, a \$1.3 million increase to our towns because of the slow grand list growth and because of pension funds and debt service, taxpayers in the Town of North Branford are still going to see a roughly a \$400 increase.

So I think when we put this type of legislation forward, we really need to pay attention to that because Lord knows we're going through tough economic times at the State level. We can't get our own spending under control and now we're just putting more

pressure down on the municipalities. I get that we should be supporting renewables. I wholeheartedly agree with it, but we need as a State to find the money to do so. We can't keep pushing these mandates down to the local level. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative.

Representative Hoydick of the 120th.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

And I thank the kind gentleman for his comments because it's at that conscience level that we worked so hard not to hurt our municipalities through this legislation. One of the things that I -- I neglected to mention is that if you happen to have a commercial generator in your district, in your municipality, they still must pay property taxes. This bill exempts the exemption, I guess that's a double entendre, but this bill still does not preclude municipalities from charging commercial generators, businesses that are creating Class 1 renewable energy that could be sold back to the grid from being taxed, so for the wind turbines that we have in Prospect and Colebrook proposed. For the big solar fields that we have in

Somers, those are still taxable. And I just wanted to bring that to the attention of my colleagues. Thank you, Mr. Speaker.

DEPUTY SPEAKER MILLER:

Thank you.

Will you remark further? Would you remark further?

Representative Ackert.

REP. ACKERT (8th):

Thank you, Madam Speaker.

A couple of questions through you to the proponent of the bill as amended.

DEPUTY SPEAKER MILLER:

Please frame your questions, sir.

REP. ACKERT (8th):

Thank you, sir.

Just for clarity on the -- if somebody was going to put in a large solar field on a farm land, the land itself would still be taxed as prior to the solar array going into -- onto the property?

Through you, Mr. Speaker

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

That is correct.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

You still have the floor, sir.

REP. ACKERT (8th):

Thank you, Madam Speaker.

And so also the structure that the array is on would now be -- if it's part of the solar array, would be not taxable?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

It is correct. The structure that the solar array is attached to may be taxed.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Ackert.

REP. ACKERT (8th):

Thank you, Madam Speaker.

And then also if they were selling -- if it was enough that they were getting credits back, that that -- the -- it's just the solar is just not for that farm or the -- or the facilities on that farm and they

were generating more than that and have a credit,  
would it still all be completely tax -- tax-free?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

If you are generating electricity and you are now something of a micro-grid or a mini-electric company, you are taxable. So only the portion that goes for your own purposes, only those are available for property tax forgiveness. Otherwise, if you're a generator, you're taxed as a generator would be taxed.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Ackert, you still have the floor, sir.

REP. ACKERT (8th):

Thank you, Madam Speaker.

And I thank the good Chairwoman for her answers.

DEPUTY SPEAKER MILLER:

Will you remark further on the bill as amended?  
Will you remark further on the bill as amended?

Representative Miller of the 122nd.

REP. MILLER (122nd):

Thank you, Madam Chair -- Madam Speaker.

Just one question to the Chair of Energy and Technology, through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Please frame your question, sir.

REP. MILLER (122nd):

The abatement of property taxes, how long would that run?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed, will you respond, madam?

REP. REED (102nd):

I believe that it's in perpetuity.

REP. MILLER (122nd):

And, through you, Madam Speaker, if the life of the equipment is 15 or 20 years --

REP. REED (102nd):

Yeah, you're right, it would take us out to 15 or 20 years.

REP. MILLER (122nd):

-- they would still get an abatement of property taxes beyond that point?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker, I believe Representative Miller that there are some provisions that once it's paid for, it's revisited. But I have to reexamine that. But the idea is to have it exist in perpetuity for the life of the installation.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Miller.

REP. MILLER (122nd):

Thank you, Madam Speaker.

One last question, should somebody put in some generation just to get a tax abatement, I'm just wondering if that's a possibility that some -- somebody would look at the tax abatement and say, hey, look it, we'll put some solar in and we'll get X amount of dollars off our tax bill regardless if we really save money with this -- with the solar array or not. So I wonder if that's -- if you can answer that question for me.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker. Representative Miller, you're absolutely right that this is something we really looked at. So if you're overgenerating for more than you yourself are using, and you're now taking availability of REC's, and you're making money off of it, you no longer fall into that category of -- of installations that are allowed to have property tax forgiveness.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Miller.

REP. MILLER (122nd):

Thank you, Madam Speaker.

And I thank the gentle lady for her answers.

Thank you.

DEPUTY SPEAKER MILLER:

Representative Shaban of the 135th.

REP. SHABAN (135th):

Thank you, Madam Speaker.

If I may, through you, a few questions to the proponent of the bill.

DEPUTY SPEAKER MILLER:

Please frame your questions, sir.

REP. SHABAN (135th):

Thank you, Madam Speaker.

This is an intriguing idea and I -- and I intend to support it, I'm just trying to figure out a couple of things that popped up in my mind. I hope I'm not repeating the same question in a different way. If -- if an owner of a commercial office building puts solar power on their roof, you know, on the roof of their building and ends up producing more power than they use in the actual building itself, I understand from the conversation that the property tax exemption ends up to the point where they are generating more than they need, is that -- am I understanding that correctly?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed, will you respond, madam.

REP. REED (102nd):

Through you, Madam Speaker, so if they're becoming a generator where other nearby facilities are benefiting as well and they are essentially something of a mini microgrid or electric company, then they are treated as a generator and this is no longer just for

their purposes. So they fall into a different category and the tax forgiveness goes away.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Shaban, you still have the floor, sir.

REP. SHABAN (135th):

Thank you, Madam Speaker.

Yeah, I guess my question is how we're going to track that. Is the DR -- or I guess it wouldn't be the DRS, it would be local municipalities would have to get the power bills to figure out which way the meter was running. I mean is that the -- is that the mechanics, the intended mechanics behind this legislation?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker, I believe so. I mean when one thinks of all of the things that happen in towns that are -- that tax assessors and various other people keep an eye on and begin reporting and you start to aggregate some data, you know, people who

have redone their houses without a building permit and all those kinds of things. So I think this would fall into that category. And obviously the minute you begin to overproduce in a way that's significant and you're part of the REC system and, you know, there's - - there's clearly data that can be looked at to show that you no longer qualify. So I'm assuming that if that's challenged, you're going to have to go through perhaps our procedure with PURA overseeing it to determine if you do indeed qualify anymore.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Shaban, you still have the floor, sir.

REP. SHABAN (135th):

Thank you, Madam Speaker.

Yeah, and that's -- and that's really what kind of raised a flag in my mind is that this could -- and it's a great idea and again I intend to support it, but it could trigger some weird mechanics where whether it's ISO New England or PURA and local tax collectors are trying to connect dots that have otherwise not been connected. So I'd be hopeful that,

you know, our efforts here can be, you know, focused on that and figure -- solve that problem.

Last question, if I may through you, Madam Speaker, if -- let's -- if you qualify for this tax exemption, you meet 100 percent of your own internal building needs, would that Class 1 generation count toward the State's RPS, renewable portfolio standards? Is there a way to kind of capture both?

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Reed.

REP. REED (102nd):

I believe if it's, well, now I think that puts you into a generation category, so I'm not sure. I know you get the RECs for that if you're overproducing. That's something to look at in terms of -- because it has to be bought by the utility and the utility has to count that as part of its RPS Program, so potentially. I'm assuming -- this is one of the things and I know, Representative Shaban, you're been very interested in this, this is one of the things we've been trying to do is to incentivize large-scale installations of large-scale renewables.

So we have an order of magnitude that really impacts the RPS system.

And so one of the reasons that we have proposed this legislation is that so many companies are telling us that they were in the process of installing until the tax assessor visited and said, oh, good, put that up there, we're going to tax you and we're going to do away with all of your savings, and, therefore, that deal goes away. So -- so nobody benefits. So this is essentially why we created this was a good business bill and a good societal bill to clean up the atmosphere.

Through you, Madam Speaker.

DEPUTY SPEAKER MILLER:

Representative Shaban.

REP. SHABAN (135th):

Thank you, Madam Speaker.

And I -- and I agree with the Chairwoman's characterization of the bill. I think it is -- it's wise on a number of fronts. I just -- perhaps as this thing rolls forward, there may be a way to benefit from the fact. Because, you know, if people are going to generate energy on a renewable -- Class 1 renewable somewhere, I think that maybe ought to go on our

balance sheet with respect to the RPS. But hopefully we can kind of figure out how all of these pieces will fall in place to do so. So I intend to support the bill. I thank the Chairwoman for her responses. Thank you, mada.

DEPUTY SPEAKER MILLER:

Thank you, sir.

Will you remark further on the bill as amended?

Will you remark further on the bill as amended?

If not, will staff and guests please come to the well of the House, will the members please take your seats, the machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

DEPUTY SPEAKER MILLER:

Have all members voted? Have all members voted? Will the members please check the board to determine if your vote is properly cast. If all members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Senate Bill 203, as amended by Senate "A", in concurrence with the Senate.

Total number voting	133
Necessary for passage	67
Those voting Yea	119
Those voting Nay	14
Those absent and not voting	17

DEPUTY SPEAKER MILLER:

The bill passes in concurrence with the Senate.

Are there any announcements or introductions?

Representative Guerrero.

REP. GUERRERA (29th):

Thank you, Madam Speaker.

For purpose of an introduction.

DEPUTY SPEAKER MILLER:

You may proceed, sir.

REP. GUERRERA (29th):

Thank you, Madam Speaker.

As many of us know in this Chamber, this week is Emergency Medical Service Week and we're giving out awards this morning to individuals who basically risk their lives every day whether it's police, fire, ambulance out there, when they receive those calls and make sure that they take care of all our constituents

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Yes. Mr. President, if we might pass this item temporarily.

THE CHAIR:

The motion is to pass this item temporarily. Is there objection?

Seeing none, so ordered.

THE CHAIR:

Clerk, please call on Page 14, Calendar 205.

THE CLERK:

On Page 14, Calendar 205, Substitute for Senate Bill Number 203, AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES, Favorable Report of the Committee on Energy and Technology. And there are Amendments.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President.

Mr. President, I move acceptance of the joint committee's Favorable Report and passage of the bill.

THE CHAIR:

The question is acceptance and passage. Do you care to remark further?

SENATOR DUFF:

Thank you, Mr. President.

Mr. President, I have a strike-all amendment I would like to call. It is LCO 5980, and to be called and I be given leave to summarize.

THE CHAIR:

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Would the Clerk please call LCO 5980, to be designated Senate "A."

THE CLERK:

LCO Number 5980, Senate "A," offered by Senator Duff and Representatives Reed and Hoydick.

THE CHAIR:

Please move adoption, Senator, Senator Duff.

SENATOR DUFF:

I move adoption.

THE CHAIR:

And Senator Duff has requested permission to summarize the amendment. Is there objection?

Seeing none, please proceed, Senator Duff.

SENATOR DUFF:

Thank you. Thank you, Mr. President.

Mr. President, I think what we'll do is, if it's all right with the Chamber, we can adopt the amendment, then I can explain it, since it is, then becomes the bill.

THE CHAIR:

Senator Duff, would you yield to Senator Linares?

SENATOR DUFF:

Please.

SENATOR LINARES:

Thank you, Senator.

Thank you, Mr. President.

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Pursuant of Article 15, I asked recusal from voting on this bill.

Thank you.

THE CHAIR:

The Journal will note Senator Linares' recusal on this item.

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President.

Mr. President, as I had mentioned earlier, if we can adopt the amendment and then it becomes the bill, I can then explain the -- the underlying bill.

THE CHAIR:

Are there any comments regarding Senate "A?" Any comments regarding Senate "A?"

If not, the Chair will try your minds. All those in favor of Senate "A," please indicate by saying Aye.

SENATORS:

Aye.

THE CHAIR:

All those opposed, say Nay.

The Ayes have it. Senate "A" is adopted.

SENATOR DUFF:

Thank you, Mr. President.

Mr. President, the bill does a -- a few different things, now that the amendment is now the bill. We have a few different sections here, and this has become a discussion point for the Energy and Technology Committee, as we look forward, as we move

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forward in trying to encourage more clean energy in our, in our state. And I think that this ultimately will prove to be extremely important for -- for the residents of the state, for the business of the state, as we try and reduce costs, as we try and encourage more renewable development, and that will occur with this bill.

As many of you know, that we have, we passed legislation last year in the budget matter that started the C-PACE program, and we have many municipalities around the state that are -- are part of the C-PACE program. Norwalk actually is, has the first, very first project for the C-PACE program. And the reason I mention that is because with that program, the C-PACE program, and in this particular project I know, we're going to have the -- the developer has said that he wants to install solar in his, in his project. And I know that's going to occur in so many other places around the State of Connecticut, and I use that example because what we want to do is we want to encourage that type of development around the state in our commercial properties. And this, I believe this bill will help that as well.

So what we're going to do, we're going to -- we've broken this bill up in a few different ways. We've basically said that after January 14th of -- I'm sorry -- January 1st of 2014, and within the next assessment year of -- of October 1st of 2014, any -- any clean energy installments around the State of Connecticut at that point will be property tax free. And, again, we want to do that because we wanted to kind of think big around the state and want to encourage that kind of green development around the, around the state.

Now, that has a couple caveats to it. One of the caveats is that it has to, it has to be for on-site generation, where the majority of the generation will be for that particular place. So we heard at our public hearing, for instance, in Somers, Connecticut, that there is a solar farm. It has maybe multiple acres of solar panels that is going to be used for some other generation site. It's going to be put on the grid, maybe goes someplace else; that will not be property tax free, because that's not going to be for

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that particular, that's not going to be generating for a building there.

Second thing is that in -- in -- we have a municipal option as well, meaning that if -- if something had been installed in January of 2010 or after, we -- we give the municipality the option of -- of continuing to tax that in their property tax system, but we also give them the ability to abate up to 100 percent of that tax, if they decide to. So they can do one percent, 50 percent, a hundred percent or anything in between on something that has -- already there at this point. So we don't, we're trying to be very sensitive to the fact of not having municipalities lose tax revenue.

The reason why we -- we looked at January of 2014, is because those are not installed yet. We feel that not only do we send a very strong message about clean energy, but the towns right now don't have this tax base, the -- on the tax rolls, so they're not going to be losing anything. And things that are, systems that are already on the tax rolls will continue to be on the tax rolls in perpetuity unless the -- the town governing body decides to change that in any way, shape or form as they would prefer.

So that the pretty much the bill. It's is pretty simple, straightforward legislation.

And, I thank you, Mr. President.

THE CHAIR:

Do you care to remark further?

Senator Chapin.

SENATOR CHAPIN:

Thank you, Mr. President.

Mr. President, some questions to the proponent, through you, please.

THE CHAIR:

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Proceed with your questions.

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SENATOR CHAPIN:

Thank you, Mr. President.

In Lines 28 through 41, I -- I believe you reference that this is optional for the municipalities for these, I guess for lack of a better word, pending projects. Is that correct?

Through you, Mr. President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President.

And for -- yes. Thank you, Senator. These are for projects that are already on-line in their communities or that might be on-line by, before the, before January 1st of 2014.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Mr. President.

And, again, through you, so as I understood the intent of that section, it was to bring some fairness to those municipalities that may have built in the anticipated property tax revenue from those projects in the budgets that they're currently putting together. Is that correct?

Through you, Mr. President.

SENATOR DUFF:

Thank you --

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THE CHAIR:

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Senator Duff.

SENATOR DUFF:

-- Mr. President.

Yes, that is, that is correct. You know, one of the great things about having public hearings is listening to the folks who respond to the legislation that we bring forward. And we heard from the First Selectwoman of Somers, and we believe we've addressed her concerns. We've heard from others who say, look, you know, you can't take this off our tax rolls immediately, and let's give the towns the option to do what they would like. I think that that creates the balance that -- that we need to move this legislation forward.

Through you, Mr. President.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Mr. President.

And, again, through you, so we have that recognition that these towns should be able to choose whether or not they'd like to exempt these properties.

And I just want to be sure that I understand correctly what these generation facilities would be. As I think I recall the law, under existing law, if you have a renewable energy source for agriculture or residential, am I correct that these properties are already, these types of facilities are already exempt under those circumstances?

Through you, Mr. President.

THE CHAIR:

Senator Duff.

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SENATOR DUFF:

Yes, that is correct.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Mr. President.

And, again, through you, so in this particular case, under this legislation, the properties that we would be expanding that or the facilities that we would be expanding that to are facilities which would be commercial or industrial properties. So if -- if you have a factory on a piece of property or retail, both, they would fall under that commercial or industrial. So I understand it, if the generation, the electricity generation from these facilities serve those retail stores or that factory, that's what this is intended to cover. Is that correct?

Through you, Mr. President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President.

Yes, that is absolutely correct. We want to make sure that the majority of the generation is for that property and that they don't become some sort of a -- a small piece of it goes towards that building and then the rest of it goes back on the grid. That is not the intent of the legislation.

Through you, Mr. President.

THE CHAIR:

Senator Chapin.

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SENATOR CHAPIN:

Thank you, Mr. President.

And, again, through you, so in the case -- I know, I think it was in 2005, we had passed legislation to encourage facilities to have cogeneration opportunities, where they may generate electricity for their own use but we were encouraging them for any surplus electricity to be put out onto the grid. So it sounds like in this particular case, as long as the electricity as generated is intended to be used on-site and not sold to the grid, then this property tax exemption would apply. Is that correct?

Through you, Mr. President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President.

Yes, that is correct.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Mr. President.

And I had seen language in here that talked about name plates. Is that a standard that the industry uses to designate the actual amount of electricity that's anticipated to be generated?

Through you, Mr. President.

THE CHAIR:

Senator Duff.

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SENATOR DUFF:

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Thank you, Mr. President.

I -- I believe that would be correct.

THE CHAIR:

Senator Chapin.

SENATOR CHAPIN:

Thank you, Mr. President.

I thank the gentleman for his answers, and I certainly appreciate some of these sections that were not part of the original bill to give municipalities who may have budgeted or -- or may be in the process of putting a budget together where they anticipate these revenues over the next year. I -- I certainly appreciate the proponent's willingness to take a look at that issue.

I believe that his assessment is correct that certainly this bill is intended for those facilities that generate electricity to be used on that property, itself, not electricity that goes out onto the grid. And I've had a number of discussions with -- with the Chairman of the Energy and Technology Committee, and I guess where we disagree philosophically is mandating that in these future years, that municipalities be required to provide that exemption. I certainly understand why some believe that there's -- there's worth in doing that.

Personally, I would have preferred to see an option that would have made it enabling for any municipality. I don't think we would have had 169 different policies. Certainly if we had said you can either give them a hundred percent exemption or a zero percent, I think we would have ended up with two different sorts of tiers. And in that case, I think those municipalities that really favor renewable energy sources would have taken advantage of that, would have encouraged those potential facilities to come, perhaps come to their town in favor of that property tax exemption.

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But I think under the circumstances, in today's economic climate, to add another thing that is property tax-exempt for municipalities, I think, is not good policy, and I'll be opposing this bill today.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

I stand for the purpose of question to the proponent of the bill.

THE CHAIR:

You may proceed with your questions.

SENATOR McLACHLAN:

Thank you, kindly, Mr. President.

Senator Duff, the -- the issue of alternative energy in Connecticut that is going to be covered under this tax exemption, does that include Connecticut-manufactured, alternative energy, like fuel cell and -- and other types?

Through you, Mr. Chairman.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President.

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Mr. President, it -- it's for Class I that's already designed in statute and doesn't mandate that it has to be manufactured here in the State of Connecticut.

Through you, Mr. President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. Chairman.

And so not being a member of the Energy and Technology Committee and having in front of me the clarification of Class I, does that include the Connecticut product of fuel cell?

Through you, Mr. President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Can Senate stand at ease? I just want to check one --

THE CHAIR:

Senate please stand at ease.

(Chamber at ease.)

SENATOR DUFF:

Mr. President?

THE CHAIR:

Senator Duff.

SENATOR DUFF:

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Thank you, and just thank you for your indulgence.

Yes, fuel cells is Class I, already defined.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. Chairman.

And one other question, if I may; is Class I also another product of Connecticut known as a -- a gas-fired, turbine generator?

Through you, Mr. President.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President.

I will have to get the definition, a gas-fired turbine, to find out for sure. I can't recall if that is a, considered a Class I or not.

Through you, Mr. President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. Chairman.

So my concern is if we're going to provide some type of incentive that is being proposed in this bill, that we are sensitive to the product that is manufactured here in Connecticut.

Thank you, Mr. President.

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Thank you, Senator.

Do you care to remark further?

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

I have no questions to the Chairman, proponent of the bill. I will say this: I know that he had stated in his conversation, his discussion, his debate with Senator Chapin that the First Selectman from Somers concerns were addressed. Her name is Lisa Pellegrini, a good friend of mine and also an extraordinarily able and active First Selectman in the Town of Somers and concerned with a variety of issues throughout the State of Connecticut.

As of just yesterday, she had written, I believe to all of us, with some of the concerns she had with the bill. And to the extent any of the concerns that she had have been addressed by the matter that we have as amended before us, I appreciate those efforts. Nonetheless, as of just a couple hours ago, she called my office and indicated that she still wanted me to oppose this bill for a variety of reasons. Again, what we're trying to do is incentivize certain behaviors here in the State of Connecticut, but at what cost?

Earlier on this afternoon, I was concerned about essentially uncapping water rates with the notion that somehow that would lead to enhancing the infrastructure and minimizing water usage but at the cost of higher rates for my constituents. Well, we're incentivizing some behavior here regarding renewables, photovoltaic, solar power, but at what cost? The cost is potential revenues to our municipalities.

At some point, if we believe in things in this Chamber and in this building, we should just say this is what we want and put our money where our mouth is, not shift the financial burden to our constituents through

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higher rates, not shift the financial responsibility to our towns through loss of local property tax revenues. Organize a comprehensive, consistent, thoughtful finance structure and then make these determinations as priorities in our appropriations. Otherwise, we continue with a very complicated hodgepodge in a fairly small New England state in an exceedingly competitive environment. And I think that, ultimately, that works a disservice.

We had previous debates, I don't believe it was here in this Chamber, perhaps -- it was as -- as recent as last week -- maybe I saw them on CT-N, in the House, one of the committees. But -- in fact, I think it was during yesterday's debate in Appropriations where someone said that someone went and started a business in Georgia and it took all of three hours, from start to finish. Now you're up -- they're up and running in -- in the State of Georgia.

So, on the one hand we penalize certain behaviors, on the other hand, we incentive certain behaviors. But at the end of the day, folks, it's a complicated mishmash, and you might win a few businesses here and there but ultimately undermine the ability of people to remain in the great State of Connecticut.

And so if the First Selectman in one of my towns up in North-Central Connecticut says she has overarching concerns, not only for her own town but for other towns similarly situated and the overall direction this state is going -- and I believe she is an extraordinarily intelligent and thoughtful woman -- I'm going to listen to her.

I appreciate the efforts being made here by the Energy and Technology Committee. I just philosophically disagree with this hodgepodge, carrot-and-stick approach that seems to have no rhyme nor reason. And for that reason, Mr. President, I am compelled to vote no this afternoon.

Thank you.

THE CHAIR:

Thank you, Senator.

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Do you care to remark further? Do you care to remark further?

If there are no further remarks to be made, we must have a roll call vote on this bill as amended, and, consequently, I've asked the Clerk to announce that a roll call vote is in progress in the Senate. And the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
Senators please return to the Chamber. Immediate roll call has been ordered in the Senate.

THE CHAIR:

Senators, please check the board to make sure that your vote has been properly recorded. If all Senators have voted and if all votes are properly recorded, the machine will be closed.

And the Clerk will take a tally.

THE CLERK:

Senate Bill 203 as amended by Senate "A."

Total Number Voting	33
Those voting Yea	21
Those voting Nay	12
Absent and not voting	3

THE CHAIR:

The bill as amended is passed.

SENATOR LOONEY:

Mr. President? Mr. President?

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**PLANNING AND  
DEVELOPMENT  
PART 4  
1020 - 1336**

**2013**



P.O. Box 515 Higganum, Connecticut 06441

**MARCH 11, 2013 TESTIMONY FROM SOLAR CONNECTICUT, INC. EXECUTIVE DIRECTOR  
MICHAEL TRAHAN IN SUPPORT OF HB 6326 AN ACT CONCERNING PROPERTY TAX  
ABATEMENTS FOR SOLAR THERMAL RENEWABLE ENERGY SOURCE INSTALLATIONS.**

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**ABOUT SOLAR CONNECTICUT** - SolarConnecticut (*SolarConn*) was formed as an education group in 2007 when there were less than a dozen solar installation companies operating in Connecticut. Today, there are over 100 solar electric and solar thermal (hot water heating) installer companies scattered across Connecticut authorized to offer state ratepayer-funded solar incentives to residential/commercial property owners. *SolarConn* promotes the use of solar energy through its work with installers, manufacturers, product developers, suppliers and those working in job training and education.

**WHY WE SUPPORT HB 6326** - It is the policy of the state to promote and encourage the use of solar energy systems and to limit obstacles to their use. Therefore, the implementation of consistent, statewide standards to achieve timely and cost-effective installation of solar energy, such as the manner in which state-supported commercial solar installations are managed at the local level, is a matter of statewide concern.

Coordinated, statewide policies that lower the cost of solar, including a statewide tax policy will (1) increase the deployment of solar, (2) improve the state's ability to reach its clean energy goals, (3) create jobs in this state and, (4) shorten the period that ratepayer-funded solar incentives are necessary.

Currently, residential installations of solar thermal and solar electric systems are exempt from local property tax. HB 6326 would simply extend the same tax waiver currently enjoyed by residential property owners to commercial property owners. Several of the most progressive solar states have blanket policies (residential, commercial, industrial, agricultural) on property tax exemptions on solar including New Jersey, Nevada, Massachusetts, Arizona, and California -- the largest solar market in American

**PROPOSED CHANGES** - There is conflicting language in the bill.

SB 203

1. The bill title " ... **ABATEMENTS FOR SOLAR THERMAL RENEWABLE ENERGY SOURCE INSTALLATIONS**" suggests the bill impacts only solar thermal installations. We don't believe that's the intent of the bill.
2. The RE technologies named in the proposed new section, " ... *Class I or nonresidential solar thermal renewable energy source* ... " is different than what the bill title states.
3. The statement of purpose reads, " .. *property taxes due for solar panels* " We don't believe that's the intent of the bill.

-more-

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We suggest the intent of the bill is to affect "*Class I or nonresidential solar thermal renewable energy source*" This was the definition determined by a bipartisan group of Planning and Development committee members last year and eventually approved by the 2012 state House 147-0

Moving forward, there are competing RE property tax exemption bills in play this session. We ask that the Planning & Development committee work to merge the technology definition in HB 6326 with the language already adopted by the Energy committee last week in SB 203

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