



General Assembly

February Session, 2026

**Raised Bill No. 5442**

LCO No. 2397



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

**AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR AND TAX AGREEMENTS RELATED TO CERTAIN CLASS I RENEWABLE ENERGY SOURCES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (57) of section 12-81 of the 2026 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective from passage*):

4 (57) (A) (i) Any Class I renewable energy source, as defined in section  
5 16-1, or hydropower facility described in subdivision (21) of subsection  
6 (a) of section 16-1, installed for the generation of electricity where such  
7 electricity is intended for private residential use or on a farm, as defined  
8 in subsection (q) of section 1-1, provided (I) such installation occurs on  
9 or after October 1, 2007, (II) the estimated annual production of such  
10 source or facility does not exceed the estimated annual load for the  
11 location where such source or facility is located, where such load and  
12 production are estimated as of the date of installation of the source or  
13 facility as indicated in the written application filed pursuant to  
14 subparagraph (G) of this subdivision, and (III) such installation is for a

15 single family dwelling, a multifamily dwelling consisting of two to four  
16 units or a farm; (ii) any passive or active solar water or space heating  
17 system; or (iii) any geothermal energy resource. In the case of clause (i)  
18 of this subparagraph, the utilization of or participation in any net  
19 metering or tariff policy or program implemented by the state or  
20 ownership of such source or facility by a party other than the owner of  
21 the real property upon which such source or facility is installed shall not  
22 disqualify such source or facility from exemption pursuant to this  
23 section. In the case of clause (ii) or (iii) of this subparagraph, such  
24 exemption shall apply only to the amount by which the assessed  
25 valuation of the real property equipped with such system or resource  
26 exceeds the assessed valuation of such real property equipped with the  
27 conventional portion of the system or resource;

28 (B) For assessment years commencing on and after October 1, 2013,  
29 any Class I renewable energy source, as defined in section 16-1,  
30 hydropower facility described in subdivision (21) of subsection (a) of  
31 section 16-1, or solar thermal or geothermal renewable energy source,  
32 installed for generation or displacement of energy, provided (i) such  
33 installation occurs on or after January 1, 2010, (ii) such installation is for  
34 commercial or industrial purposes, (iii) the nameplate capacity of such  
35 source or facility does not exceed the load for the location where such  
36 generation or displacement is located, and (iv) such source or facility is  
37 located in a distressed municipality, as defined in section 32-9p, with a  
38 population between one hundred twenty-five thousand and one  
39 hundred thirty-five thousand;

40 (C) For assessment years commencing on and after October 1, 2013,  
41 any municipality may, upon approval by its legislative body or in any  
42 town in which the legislative body is a town meeting, by the board of  
43 selectmen, abate up to one hundred per cent of property tax for any  
44 Class I renewable energy source, as defined in section 16-1, hydropower  
45 facility described in subdivision (21) of subsection (a) of section 16-1, or  
46 solar thermal or geothermal renewable energy source, installed for  
47 generation or displacement of energy, provided (i) such installation

48 occurs between January 1, 2010, and December 31, 2013, (ii) such  
49 installation is for commercial or industrial purposes, (iii) the nameplate  
50 capacity of such source or facility does not exceed the load for the  
51 location where such generation or displacement is located, and (iv) such  
52 source or facility is not located in a municipality described in  
53 subparagraph (B) of this subdivision;

54 (D) Subject to the provisions of subparagraph (E) of this subdivision,  
55 for assessment years commencing on and after October 1, 2014, any (i)  
56 Class I renewable energy source, as defined in section 16-1, other than a  
57 nuclear power generating facility, (ii) hydropower facility described in  
58 subdivision (21) of subsection (a) of section 16-1, or (iii) solar thermal or  
59 geothermal renewable energy source, installed for generation or  
60 displacement of energy, provided (I) such installation occurs on or after  
61 January 1, 2014, (II) is for commercial or industrial purposes, (III) the  
62 nameplate capacity of such source or facility does not exceed the load  
63 for the location where such generation or displacement is located or the  
64 aggregated load of the beneficial accounts for any Class I renewable  
65 energy source participating in virtual net metering pursuant to section  
66 16-244u, and (IV) in the case of clause (iii) of this subparagraph, such  
67 exemption shall apply only to the amount by which the assessed  
68 valuation of the real property equipped with such source exceeds the  
69 assessed valuation of such real property equipped with the  
70 conventional portion of the source;

71 (E) For assessment years commencing on and after October 1, 2025,  
72 the exemption provided for under subparagraph (D)(i) of this  
73 subdivision shall apply only to equipment and devices that have the  
74 primary purpose of generating electricity and shall not apply to any real  
75 property on which such equipment and devices are located or installed;

76 (F) For assessment years commencing on and after October 1, [2025]  
77 2026, any Class I renewable energy source consisting of equipment and  
78 devices that have the primary purpose of collecting solar energy and  
79 generating electricity by photovoltaic effect, for which the owner of such

80 equipment and devices receives, on or after July 1, 2026, permission to  
81 operate from an electric distribution company, as defined in section 16-  
82 1, or a municipal utility furnishing electricity. The exemption under this  
83 subparagraph shall apply only to equipment and devices that have the  
84 primary purpose of generating electricity and shall not apply to any real  
85 property on which such equipment and devices are located or installed;

86 (G) Any person claiming an exemption provided in this subdivision  
87 for any assessment year shall, on or before the first day of November in  
88 such assessment year, file with the assessor or board of assessors in the  
89 town in which such hydropower facility, Class I renewable energy  
90 source, solar thermal or geothermal renewable energy source or passive  
91 or active solar water or space heating system or geothermal energy  
92 resource is located, a written application claiming such exemption. Such  
93 application shall be made on a form prepared for such purpose by the  
94 Secretary of the Office of Policy and Management, in consultation with  
95 the Connecticut Association of Assessing Officers and the Connecticut  
96 Green Bank established pursuant to section 16-245n, and shall include,  
97 but not be limited to, a statement of the estimated annual load and  
98 production of a source or facility described in clause (i) of subparagraph  
99 (A) of this subdivision as of the date of the installation of such source or  
100 facility. Said secretary shall make such application available to the  
101 public on the Internet web site of the Office of Policy and Management.  
102 Failure to file such application in the manner and form as provided by  
103 the secretary within the time limit prescribed shall constitute a waiver  
104 of the right to such exemption for such assessment year. Such  
105 application shall not be required for any assessment year following that  
106 for which the initial application is filed, provided if such hydropower  
107 facility, Class I renewable energy source, solar thermal or geothermal  
108 renewable energy source or passive or active solar water or space  
109 heating system or geothermal energy resource is altered in a manner  
110 that would require a building permit, such alteration shall be deemed a  
111 waiver of the right to such exemption until a new application, applicable  
112 with respect to such altered source, is filed and the right to such

113 exemption is established as required initially. If a person owns more  
114 than one such source or facility in a municipality, such person may file  
115 a single application identifying each source or facility;

116 (H) For assessment years commencing on and after October 1, 2015,  
117 any municipality may, by vote of its legislative body or, in a  
118 municipality where the legislative body is a town meeting, by vote of  
119 the board of selectmen, abate up to one hundred per cent of the property  
120 taxes due for any tax year, for not longer than the term of the power  
121 purchase agreement, with respect to any Class I renewable energy  
122 source, as defined in section 16-1, that is the subject of such power  
123 purchase agreement approved by the Public Utilities Regulatory  
124 Authority pursuant to section 16a-3f;

125 Sec. 2. (*Effective from passage*) If the grand list for a municipality for  
126 the assessment year commencing October 1, 2025, has been published  
127 and lodged for inspection on or before the effective date of this section,  
128 the assessor or board of assessors for such municipality shall issue a  
129 certificate of correction for said grand list to implement the changes  
130 made to subparagraph (F) of subdivision (57) of section 12-81 of the  
131 general statutes pursuant to section 1 of this act.

132 Sec. 3. Subsection (h) of section 12-121dd of the 2026 supplement to  
133 the general statutes is repealed and the following is substituted in lieu  
134 thereof (*Effective July 1, 2026*):

135 (h) (1) (A) Any municipality acting through its board of selectmen,  
136 town council, court of common council or other legislative body shall  
137 have the power to enter into an agreement to freeze or stabilize the tax  
138 imposed under this section for any owner of a solar photovoltaic system  
139 located in such municipality, as provided in this subsection.

140 (B) The terms of such agreement shall apply in lieu of the tax imposed  
141 under this section, including any agreement pertaining to the tax  
142 imposed under chapter 203 entered into prior to July 1, 2026, but for  
143 which such owner receives permission to operate, as described under

144 subdivision (1) of subsection (a) of this section, on or after July 1, 2026.

145 (2) With respect to any photovoltaic system located in more than one  
146 municipality, such agreement shall only pertain to the tax that is  
147 allocated, in accordance with the provisions of subsection (e) of this  
148 section, to the municipality that enters into such agreement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-81(57)
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2026</i>	12-121dd(h)

**Statement of Purpose:**

To specify the applicability of (1) a property tax exemption for certain Class I renewable energy sources and authorize municipalities to amend their 2025 grand list accordingly, and (2) certain tax agreements related to solar photovoltaic systems.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*