



House Bill No. 5442

Public Act No. 26-134

**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:

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 Subdivision (57) of section 12-81 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(57) (A) (i) Any Class I renewable energy source, as defined in section 16-1, or hydropower facility described in subdivision (21) of subsection (a) of section 16-1, installed for the generation of electricity where such electricity is intended for private residential use or on a farm, as defined in subsection (q) of section 1-1, provided (I) such installation occurs on or after October 1, 2007, (II) the estimated annual production of such source or facility does not exceed the estimated annual load for the location where such source or facility is located, where such load and production are estimated as of the date of installation of the source or facility as indicated in the written application filed pursuant to subparagraph [(G)] (F) of this subdivision, and (III) such installation is for a single family dwelling, a multifamily dwelling consisting of two to four units or a farm; (ii) any passive or active solar water or space heating system; or (iii) any geothermal energy resource. In the case of

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clause (i) of this subparagraph, the utilization of or participation in any net metering or tariff policy or program implemented by the state or ownership of such source or facility by a party other than the owner of the real property upon which such source or facility is installed shall not disqualify such source or facility from exemption pursuant to this section. In the case of clause (ii) or (iii) of this subparagraph, such exemption shall apply only to the amount by which the assessed valuation of the real property equipped with such system or resource exceeds the assessed valuation of such real property equipped with the conventional portion of the system or resource;

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

(C) For assessment years commencing on and after October 1, 2013, any municipality may, upon approval by its legislative body or in any town in which the legislative body is a town meeting, by the board of selectmen, abate up to one hundred per cent of property tax for any Class I renewable energy source, as defined in section 16-1, hydropower facility described in subdivision (21) of subsection (a) of section 16-1, or solar thermal or geothermal renewable energy source, installed for generation or displacement of energy, provided (i) such installation occurs between January 1, 2010, and December 31, 2013, (ii) such

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installation is for commercial or industrial purposes, (iii) the nameplate capacity of such source or facility does not exceed the load for the location where such generation or displacement is located, and (iv) such source or facility is not located in a municipality described in subparagraph (B) of this subdivision;

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

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

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

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equipment and devices receives, on or after July 1, 2025, permission to operate from an electric distribution company, as defined in section 16-1, or a municipal utility furnishing electricity. The exemption under this subparagraph shall apply only to equipment and devices that have the primary purpose of generating electricity and shall not apply to any real property on which such equipment and devices are located or installed;

[(G)] (F) Any person claiming an exemption provided in this subdivision for any assessment year shall, on or before the first day of November in such assessment year, file with the assessor or board of assessors in the town in which such hydropower facility, Class I renewable energy source, solar thermal or geothermal renewable energy source or passive or active solar water or space heating system or geothermal energy resource is located, a written application claiming such exemption. Such application shall be made on a form prepared for such purpose by the Secretary of the Office of Policy and Management, in consultation with the Connecticut Association of Assessing Officers and the Connecticut Green Bank established pursuant to section 16-245n, and shall include, but not be limited to, a statement of the estimated annual load and production of a source or facility described in clause (i) of subparagraph (A) of this subdivision as of the date of the installation of such source or facility. Said secretary shall make such application available to the public on the Internet web site of the Office of Policy and Management. Failure to file such application in the manner and form as provided by the secretary within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year. Such application shall not be required for any assessment year following that for which the initial application is filed, provided if such hydropower facility, Class I renewable energy source, solar thermal or geothermal renewable energy source or passive or active solar water or space heating system or geothermal energy resource is altered in a manner that would require a building permit, such alteration shall be deemed a waiver of the right to such exemption

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until a new application, applicable with respect to such altered source, is filed and the right to such exemption is established as required initially. If a person owns more than one such source or facility in a municipality, such person may file a single application identifying each source or facility;

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

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

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

(a) As used in this section:

(1) "Solar photovoltaic system" means equipment and devices (A) that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect, (B) that have a nameplate capacity greater than one megawatt of electricity and such nameplate capacity

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exceeds the load for the location where such generation is located, and (C) for which the owner of such equipment and devices receives, on or after July 1, [2026] 2025, permission to operate from an electric distribution company, as defined in section 16-1, or a municipal utility furnishing electricity;

(2) "Municipality" means any town, city, consolidated town and city or consolidated town and borough; and

(3) "Uniform solar capacity tax year" means the annual accounting period used to calculate the tax under this section, consisting of a twelve-month period commencing on July first and ending on the following June thirtieth.

(b) (1) Except as provided in subdivision (3) of this subsection and subsection (h) of this section, for uniform solar capacity tax years commencing on and after July 1, 2026, each person that owns a solar photovoltaic system in the state for generation or displacement of energy shall pay an annual tax for a period of either (i) for a solar photovoltaic system that receives permission to operate from an electric distribution company, as defined in section 16-1, or a municipal utility furnishing electricity on or after July 1, 2025, but before July 1, 2026, nineteen solar capacity tax years, or (ii) for a solar photovoltaic system that receives such permission to operate on or after July 1, 2026, twenty solar capacity tax years to the department of finance of each municipality in which the system or any part thereof is located, or, if the municipality does not have a department of finance, to the tax collector for such municipality. For any such solar photovoltaic system [that receives permission to operate in the uniform solar capacity tax year commencing on and after July 1, 2026,] the tax shall be, for the duration of the [twenty-year] period such tax is imposed, the product of ten thousand dollars multiplied by the number of megawatts, and any fractional portion thereof, of nameplate capacity for each such system. If a solar photovoltaic system has multiple owners, each owner shall be

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jointly and severally liable for the tax owed pursuant to this section.

(2) [Each] On and after July 1, 2026, each person that owns a solar photovoltaic system in the state that receives [, on or after July 1, 2026,] permission to operate from an electric distribution company or a municipal utility furnishing electricity shall notify, not later than seven days after the date of such receipt, the department of finance of each municipality in which the system or any part thereof is located or, if the municipality does not have a department of finance, the tax collector for such municipality, of the effective date of such permission to operate, provided, for any solar photovoltaic system that receives such permission to operate on or after July 1, 2025, but before July 1, 2026, shall provide such notification not later than July 10, 2026.

(3) The tax imposed under this section shall not apply to solar photovoltaic systems in the state that (A) are located on (i) state-owned land, (ii) brownfields, as defined in section 32-760, (iii) landfills, (iv) residential, commercial or industrial rooftops, or (v) solar canopies, as defined in section 8-2q, or (B) are part of a microgrid serving a critical facility, as those terms are defined in section 16-243y.

(c) The Office of Policy and Management shall develop a form to be submitted with the tax due under this section. Not later than July 31, 2026, the department of finance in each municipality, or, for any municipality that does not have a department of finance, the tax collector of such municipality, shall furnish such form upon request. The tax imposed under this section shall be due and payable on the due date or due dates of such return, as determined by the department of finance or tax collector, as applicable. The department of finance or tax collector, as applicable, may require a single annual payment of the tax imposed under this section or may require semiannual or quarterly installments of such payment. Such tax shall be due and collectible as other property taxes and subject to the same liens and processes of collection.

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(d) The revenues generated by the tax imposed under this section shall become part of the general revenue of the municipality in which the tax is paid.

(e) If a solar photovoltaic system is located in more than one municipality, the tax shall be allocated between or among the municipalities in proportion to the nameplate capacity of the solar photovoltaic system located in each municipality.

(f) Whenever the tax imposed under this section is not paid when due to the department of finance or tax collector, as applicable, in a municipality, interest at the rate of one and one-half per cent per month or fraction thereof shall accrue on such tax from the due date of such tax until the date of payment.

(g) Any person claiming to be aggrieved by the action of a department of finance or tax collector under this section may appeal the tax to the superior court for the judicial district in which the municipality is located. Any person appealing the tax that pays a portion of such tax during the pendency of such appeal and indicates that such portion is paid "under protest" shall not be liable for any interest on the tax, provided such person pays not less than seventy-five per cent of the amount of the tax assessed by the municipality during the time limits prescribed by the department of finance or tax collector, as applicable, in such municipality in accordance with this section.

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

(B) The terms of such agreement shall apply in lieu of the tax imposed under this section, including any agreement pertaining to the tax

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imposed under chapter 203 entered into prior to July 1, 2025, but for which such owner receives permission to operate, as described under subdivision (1) of subsection (a) of this section, on or after July 1, 2025.

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

(i) For purposes of calculating the nameplate capacity of a solar photovoltaic system, the following shall be deemed to be part of the same solar photovoltaic system: (1) All equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect that are located on the same parcel; (2) all equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect that are located on land that the current owner of any part of such land subdivided into multiple parcels but was part of the same parcel prior to such subdivision; and (3) all equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect that are located on adjoining parcels. Nothing in this subsection shall be construed to limit tax liability or the definitions in subsection (a) of this section.

Governor's Action:

Approved June 4, 2026