



House of Representatives

General Assembly

File No. 666

February Session, 2026

House Bill No. 5442

House of Representatives, April 16, 2026

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

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2 the general statutes is repealed and the following is substituted in lieu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)

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 27 \$	FY 28 \$
Various Municipalities	Grand List Increase	See Below	See Below

Explanation

The bill (1) limits a solar property tax exemption to certain solar facilities that are permitted to operate beginning on July 1, 2026, (2) delays the implementation of this exemption by one year, and (3) permits municipalities to amend their 2025 grand list and issue certificates of correction to reflect this change. This results in a grand list increase to municipalities beginning in FY 27 that is dependent on what property would have or had already qualified for the exemption.¹

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

¹ A grand list increase results in a revenue gain to municipalities given a constant mill rate.

OLR Bill Analysis**HB 5442*****AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR AND TAX AGREEMENTS RELATED TO CERTAIN CLASS I RENEWABLE ENERGY SOURCES.*****SUMMARY**

This bill makes changes to the municipal uniform solar capacity tax and a solar-related property tax exemption created by PA 25-173, §§ 57 & 58. Principally, the bill limits the exemption to solar facilities that are permitted to operate beginning on July 1, 2026, aligning it with the uniform capacity tax.

By law, the uniform capacity tax (\$10,000 per megawatt (MW) of nameplate capacity) applies statewide to certain solar photovoltaic systems with a nameplate capacity that is over one MW and that are permitted to operate on or after July 1, 2026. Generally, the tax applies for 20 years, but municipalities may enter into agreements with system owners to stabilize or freeze the tax. The bill specifies that the terms of these agreements apply instead of the tax even if they entered the agreement before July 1, 2026.

Under current law, the property tax exemption generally applies to solar photovoltaic systems that are Class I renewable energy sources. The bill limits the exemption to equipment and devices whose owners receive, on or after July 1, 2026, permission to operate from an electric distribution company or municipal electric utility.

The bill also delays this exemption by one year, starting it with the 2026 assessment year rather than the 2025 assessment year. It makes a corresponding change authorizing municipalities to amend their 2025 grand lists and issue certificates of correction to reflect the bill's changes.

Under existing law, unchanged by the bill, certain Class I renewable

energy sources, like solar facilities, are eligible for a separate property tax exemption if they (1) were installed on or after January 1, 2014; (2) are for commercial or industrial purposes; and (3) have a nameplate capacity that does not exceed the location's load or, if the facility is participating in virtual net metering, the aggregated load of its beneficial accounts. Under existing law, neither exemption applies to any real property where the equipment or devices are located or installed.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except the provision on tax agreements is effective July 1, 2026.

BACKGROUND

Systems Subject to the Municipal Uniform Solar Capacity Tax

By law, the municipal uniform solar capacity tax applies to owners of "solar photovoltaic systems," which are equipment and devices:

1. that primarily collect solar energy and generate electricity by photovoltaic effect;
2. that have a nameplate capacity over one MW that exceeds the load for the location where the equipment and devices are located (nameplate capacity generally refers to a facility's maximum output under specific conditions designated by the manufacturer); and
3. for which the owner receives permission to operate from an electric distribution company or a municipal electric utility on or after July 1, 2026.

The tax does not apply to systems that are located on the following:

1. state-owned land;
2. "brownfields" (abandoned or underutilized property where redevelopment, reuse, or expansion has not occurred due to the

presence or potential presence of pollution in the buildings, soil, or groundwater that requires investigation or remediation before or along with the property's redevelopment, reuse, or expansion);

3. landfills;
4. residential, commercial, or industrial rooftops; or
5. "solar canopies" (outdoor, shade-providing structures, such as carports, that host solar photovoltaic panels above a parking or driving area, pedestrian walkway, courtyard, canal, or other used surface and are installed in a way that maintains the function of the underneath area).

Additionally, the tax also does not apply to systems that are part of a microgrid serving a critical facility. By law, a "microgrid" is a group of interconnected electricity users and generators that (1) is within clearly defined boundaries and acts as a single controllable entity with respect to the larger grid and (2) can operate as part of the grid or independent of it. A "critical facility" includes:

1. hospitals,
2. police and fire stations,
3. water and sewage treatment plants,
4. public shelters,
5. correctional facilities,
6. certain television and radio production and transmission facilities,
7. commercial areas,
8. municipal centers identified by the municipality's chief elected official, and

- 9. any other facility or area identified by the Department of Energy and Environmental Protection.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 54 Nay 0 (03/30/2026)