



# House of Representatives

## File No. 757

General Assembly

February Session, 2026

**(Reprint of File No. 666)**

House Bill No. 5442  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 1, 2026

**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2 the general statutes is repealed and the following is substituted in lieu  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)] (F) of this subdivision, and (III) such installation is  
15 for a single family dwelling, a multifamily dwelling consisting of two to  
16 four units or a farm; (ii) any passive or active solar water or space  
17 heating system; or (iii) any geothermal energy resource. In the case of  
18 clause (i) of this subparagraph, the utilization of or participation in any  
19 net 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] For assessment years commencing on and after October 1, 2014, any  
56 (i) Class I renewable energy source, as defined in section 16-1, other than  
57 a nuclear power generating facility, (ii) hydropower facility described  
58 in subdivision (21) of subsection (a) of section 16-1, or (iii) solar thermal  
59 or 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)] (E) For assessment years commencing on and after October 1,  
77 2025, 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, 2025, 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)] (F) Any person claiming an exemption provided in this  
87 subdivision for any assessment year shall, on or before the first day of  
88 November in such assessment year, file with the assessor or board of  
89 assessors in the town in which such hydropower facility, Class I  
90 renewable energy source, solar thermal or geothermal renewable  
91 energy source or passive or active solar water or space heating system  
92 or geothermal energy resource is located, a written application claiming  
93 such exemption. Such application shall be made on a form prepared for  
94 such purpose by the Secretary of the Office of Policy and Management,  
95 in consultation with the Connecticut Association of Assessing Officers  
96 and the Connecticut Green Bank established pursuant to section 16-  
97 245n, and shall include, but not be limited to, a statement of the  
98 estimated annual load and production of a source or facility described  
99 in clause (i) of subparagraph (A) of this subdivision as of the date of the  
100 installation of such source or facility. Said secretary shall make such  
101 application available to the public on the Internet web site of the Office  
102 of Policy and Management. Failure to file such application in the  
103 manner and form as provided by the secretary within the time limit  
104 prescribed shall constitute a waiver of the right to such exemption for  
105 such assessment year. Such application shall not be required for any  
106 assessment year following that for which the initial application is filed,  
107 provided if such hydropower facility, Class I renewable energy source,  
108 solar thermal or geothermal renewable energy source or passive or  
109 active solar water or space heating system or geothermal energy  
110 resource is altered in a manner that would require a building permit,  
111 such alteration shall be deemed a waiver of the right to such exemption  
112 until a new application, applicable with respect to such altered source,  
113 is filed and the right to such exemption is established as required

114 initially. If a person owns more than one such source or facility in a  
115 municipality, such person may file a single application identifying each  
116 source or facility;

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

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

133 Sec. 3. Section 12-121dd of the 2026 supplement to the general statutes  
134 is repealed and the following is substituted in lieu thereof (*Effective July*  
135 *1, 2026*):

136 (a) As used in this section:

137 (1) "Solar photovoltaic system" means equipment and devices (A)  
138 that have the primary purpose of collecting solar energy and generating  
139 electricity by photovoltaic effect, (B) that have a nameplate capacity  
140 greater than one megawatt of electricity and such nameplate capacity  
141 exceeds the load for the location where such generation is located, and  
142 (C) for which the owner of such equipment and devices receives, on or  
143 after July 1, [2026] 2025, permission to operate from an electric  
144 distribution company, as defined in section 16-1, or a municipal utility  
145 furnishing electricity;

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

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

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

173 (2) [Each] On and after July 1, 2026, each person that owns a solar  
174 photovoltaic system in the state that receives [, on or after July 1, 2026,]  
175 permission to operate from an electric distribution company or a  
176 municipal utility furnishing electricity shall notify, not later than seven  
177 days after the date of such receipt, the department of finance of each  
178 municipality in which the system or any part thereof is located or, if the

179 municipality does not have a department of finance, the tax collector for  
180 such municipality, of the effective date of such permission to operate,  
181 provided, for any solar photovoltaic system that receives such  
182 permission to operate on or after July 1, 2025, but before July 1, 2026,  
183 shall provide such notification not later than July 10, 2026.

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

190 (c) The Office of Policy and Management shall develop a form to be  
191 submitted with the tax due under this section. Not later than July 31,  
192 2026, the department of finance in each municipality, or, for any  
193 municipality that does not have a department of finance, the tax  
194 collector of such municipality, shall furnish such form upon request.  
195 The tax imposed under this section shall be due and payable on the due  
196 date or due dates of such return, as determined by the department of  
197 finance or tax collector, as applicable. The department of finance or tax  
198 collector, as applicable, may require a single annual payment of the tax  
199 imposed under this section or may require semiannual or quarterly  
200 installments of such payment. Such tax shall be due and collectible as  
201 other property taxes and subject to the same liens and processes of  
202 collection.

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

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

210 (f) Whenever the tax imposed under this section is not paid when due

211 to the department of finance or tax collector, as applicable, in a  
212 municipality, interest at the rate of one and one-half per cent per month  
213 or fraction thereof shall accrue on such tax from the due date of such tax  
214 until the date of payment.

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

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

230 (B) The terms of such agreement shall apply in lieu of the tax imposed  
231 under this section, including any agreement pertaining to the tax  
232 imposed under chapter 203 entered into prior to July 1, 2025, but for  
233 which such owner receives permission to operate, as described under  
234 subdivision (1) of subsection (a) of this section, on or after July 1, 2025.

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

239 (i) For purposes of calculating the nameplate capacity of a solar  
240 photovoltaic system, the following shall be deemed to be part of the  
241 same solar photovoltaic system: (1) All equipment and devices that have  
242 the primary purpose of collecting solar energy and generating electricity

243 by photovoltaic effect that are located on the same parcel; (2) all  
 244 equipment and devices that have the primary purpose of collecting solar  
 245 energy and generating electricity by photovoltaic effect that are located  
 246 on land that the current owner of any part of such land subdivided into  
 247 multiple parcels but was part of the same parcel prior to such  
 248 subdivision; and (3) all equipment and devices that have the primary  
 249 purpose of collecting solar energy and generating electricity by  
 250 photovoltaic effect that are located on adjoining parcels. Nothing in this  
 251 subsection shall be construed to limit tax liability or the definitions in  
 252 subsection (a) of this section.

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

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 Expansion	See Below	See Below

**Explanation**

The bill (1) limits a solar property tax exemption to certain solar facilities that are permitted to operate within certain dates, and (2) permits municipalities to amend their 2025 grand list and issue certificates of correction to reflect this change, and (3) eliminates an exemption for any device with the primary purpose of generating electricity. 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.<sup>1</sup>

House "A" eliminates the original bill and its associated fiscal impact, and results in the impact described above.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to amount of qualify property.

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

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**OLR Bill Analysis****HB 5442 (as amended by House "A")\******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 created by PA 25-173, § 57, and the property tax exemption provisions in PA 25-173, § 58. Principally, the bill:

1. expands the scope of solar photovoltaic systems subject to the uniform solar capacity tax to include those that are permitted to operate on or after July 1, 2025, but before July 1, 2026, which is a year earlier than current law, and makes these systems responsible for one less year of the tax than those permitted on or after July 1, 2026;
2. limits the solar-related property tax exemption created by PA 25-173 to facilities that are permitted to operate on or after July 1, 2025; and
3. rolls back a property tax exemption for certain Class I renewable energy sources to how it existed before PA 25-173.

The bill also makes technical and conforming changes.

\*House Amendment "A" replaces the underlying bill, which addressed the tax and exemption created by PA 25-173.

EFFECTIVE DATE: Upon passage, except the municipal uniform solar capacity tax provisions are effective July 1, 2026.

**§ 3 — 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 megawatt (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 by a certain date.

Under current law, the tax applies to these systems that are permitted on or after July 1, 2026. The bill expands this to permitted systems on or after July 1, 2025.

For each municipality in which a solar photovoltaic system (or any part of it) is located, current law requires the system’s owners to notify the municipality’s finance department, or, if none, the municipality’s tax collector of the effective date of their permission to operate the system. They must do so within seven days after receiving permission. The bill limits these requirements to systems permitted on or after July 1, 2026. For systems permitted on or after July 1, 2025, but before July 1, 2026, the bill requires their owners to notify the same entities but by July 10, 2026.

Existing law establishes a “uniform solar capacity tax year,” from July 1 to June 30, as an accounting period to calculate the tax. For any system that receives permission to operate in uniform solar capacity tax years starting on or after July 1, 2026, the tax must be paid annually for a period of 20 uniform solar capacity tax years at a rate of \$10,000 per MW of nameplate capacity, including any fractional portion. The bill applies

this rate to systems that receive their permission on or after July 1, 2025, but before July 1, 2026, but only requires they pay the tax for 19 uniform solar capacity tax years.

Existing law allows municipalities to 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, 2025.

By law, the tax does not apply to systems 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.

#### **§§ 1 & 2 — PROPERTY TAX EXEMPTIONS FOR CLASS I RENEWABLE ENERGY SOURCES**

PA 25-173, § 58, created, starting with the 2025 assessment year, a property tax exemption for Class I renewable energy sources that consist of equipment and devices that primarily collect solar energy and generate energy by photovoltaic effect. The bill limits this exemption to equipment and devices whose owners receive, on or after July 1, 2025, permission to operate from an electric distribution company or municipal electric utility. Existing law, unchanged by the bill, also limits this exemption by applying it only to equipment and devices with the primary purpose of generating electricity and not to any real property where the equipment or devices are located or installed.

PA 25-173, § 58, applied the same limitation regarding real property starting with the same assessment year to an existing property tax exemption for Class I renewable energy sources (other than nuclear power generating facilities) (1) installed on or after January 1, 2014; (2) for commercial or industrial purposes; and (3) with 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. The bill eliminates the limitation for this exemption and reverts it to prior law, which did not explicitly exclude the real property.

The bill makes a corresponding change requiring municipalities to amend their 2025 grand lists and issue certificates of correction to reflect the bill's changes to the exemption created by PA 25-173.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 54 Nay 0 (03/30/2026)