



Maine Municipal Association

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Municipal Solar Concerns

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Property Tax Basics

Tax Mix (2005-2019)							
Year	\$ Tax Revenue				% of Total Tax Revenue		
	Property	Income	Sales	Total	Property	Income	Sales
2005	1,721,736,987	1,432,118,470	941,221,839	4,095,077,296	42%	35%	23%
2006	1,791,017,664	1,552,384,101	993,202,706	4,336,604,471	41%	36%	23%
2007	1,876,244,644	1,537,786,028	1,020,864,253	4,434,894,925	42%	35%	23%
2008	1,955,410,009	1,627,982,772	1,035,157,942	4,618,550,723	42%	35%	22%
2009	2,004,979,062	1,508,523,695	974,636,315	4,488,139,072	45%	34%	22%
2010	2,047,787,605	1,473,328,488	954,025,264	4,475,141,357	46%	33%	21%
2011	2,100,857,920	1,624,280,132	976,359,279	4,701,497,331	45%	35%	21%
2012	2,175,579,309	1,666,335,184	1,029,513,306	4,871,427,799	45%	34%	21%
2013	2,267,190,093	1,693,849,829	1,036,887,515	4,997,927,437	45%	34%	21%
2014	2,344,821,945	1,589,045,886	1,156,331,624	5,090,199,455	46%	31%	23%
2015	2,426,941,238	1,690,744,229	1,243,585,749	5,361,271,216	45%	32%	23%
2016	2,484,989,765	1,680,180,057	1,319,031,916	5,484,201,738	45%	31%	24%
2017	2,549,487,648	1,699,092,095	1,398,155,842	5,646,735,585	45%	30%	25%
2018	2,644,071,685	1,780,928,912	1,483,152,959	5,908,153,556	45%	30%	25%
2019	2,738,276,430	1,953,872,652	1,562,784,740	6,254,933,822	44%	31%	25%
Sources:	Maine Revenue Services, Municipal Valuation Return Statistical Summaries						
	Maine Revenue Forecasting Commission Reports						

Exemptions & Value

- The Tree Growth Program is currently the only land program where partial value of the land enroll is returned to the community from which it is was lost.
- Tree Growth Program uses a calculation based on wood mix on land, county valuation, and school formulas to offset a portion of the loss but has robust accountability measures.
- “Current Use” is not based on “highest and best use” which shifts that burden onto other taxpayers for lost value.
- There is no reimbursement from the state for a portion of the loss under the “current use” programs though this has been identified as a problem.
- Both programs lower the state valuation of the land in a community and shift the tax burden on to non-classified property to make up the difference.
- Maine voters accepted the burden shift when they voted to support the program envisioning farming food not solar, and that benefit would be removed when an owner didn’t honor their responsibility.

2019	
Total Valuation of Acres in Open Space	\$171,632,851
Acres Withdrawn	712
Penalties assessed	\$59,941

Source: Maine Revenue Service

Penalties recognize the significance of the benefit to the landowner and the deviation from equitable tax policy to advance State land protection goals.

Highest &
Best = Just
Value

Maine Constitution Requires Both Penalty and Commitment to Envisioned Activities

- **Section 8. Taxation.** All taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally according to the just value thereof.
- **1. Intangible property.** The Legislature shall have power to levy a tax upon intangible personal property at such rate as it deems wise and equitable without regard to the rate applied to other classes of property.
- **2. Assessment of certain lands based on current use; penalty on change to higher use.** The Legislature shall have power to provide for the assessment of the following types of real estate whenever situated in accordance with a valuation based upon the current use thereof and in accordance with such conditions as the Legislature may enact:
 - A. Farms and agricultural lands, timberlands and woodlands;
 - B. Open space lands which are used for recreation or the enjoyment of scenic natural beauty;
 - C. Lands used for game management or wildlife sanctuaries; and
 - D. Waterfront land that is used for or that supports commercial fishing activities.
- In implementing paragraphs A, B, C and D, the Legislature shall provide that any change of use higher than those set forth in paragraphs A, B, C and D, except when the change is occasioned by a transfer resulting from the exercise or threatened exercise of the power of eminent domain, shall result in the imposition of a minimum penalty equal to the tax which would have been imposed over the 5 years preceding that change of use had that real estate been assessed at its highest and best use, less all taxes paid on that real estate over the preceding 5 years, and interest, upon such reasonable and equitable basis as the Legislature shall determine. Any statutory or constitutional penalty imposed as a result of a change of use, whether imposed before or after the approval of this subsection, shall be determined without regard to the presence of minerals, provided that, when payment of the penalty is made or demanded, whichever occurs first, there is in effect a state excise tax which applies or would apply to the mining of those minerals.

Rumford Case Study

- 2020 Mil Rate .0305
- Acres in Tree Growth = 25,907
- Population 5,508

Just Value of Land (No Exemptions)

Full Value Per Acre = \$698-\$1,220*

Full Valuation = \$15,803,270-\$31,606,540

Full Commitment Value = \$481,999 - \$963,999

Tree Grow Exemption (State calculations)

Acre of Mixed Wood Value = \$273.31**

State Reduced Valuation = \$7,080,552

State Reduced Commitment = \$215,957

Lost Revenue \$266,042-\$748,042 Population= 5,508 Shifted Tax Burden \$48.30 - \$135.81 per resident***

** Actual value of an acre of undeveloped land not enrolled in a program is \$20,000-\$40,000 per Rumford's assessor schedule*

*** State acre valuation varies on the available timber mix with hardwood valuing higher than softwood. Mix wood is the middle calculation*

**** The average household in Maine is 2.3 people so an estimated household burden is an extra \$111-\$312 per household or property taxpayer. Not all households are primary residences and not all property is occupied or qualifies for the homestead exemption, so a better calculation is to use per resident population number.*

Municipal Solar Pressure

The 100% Business and Equipment Tax Exemption achieved its goal

Exemption in place 2019 (227+ registered distributed gen agents & sponsors)

Ownership interest transfers on the rise -2020
–Dimension Renewable Energy GA sold 10 farms to Nexamp

Companies paying full market rate for open land in midcoast exclusively for solar farms.

Communities want solar to be more resilient

“Cradle to Grave” plans for gear lacking

Removes available land for workforce and low-income housing pressures in developed areas

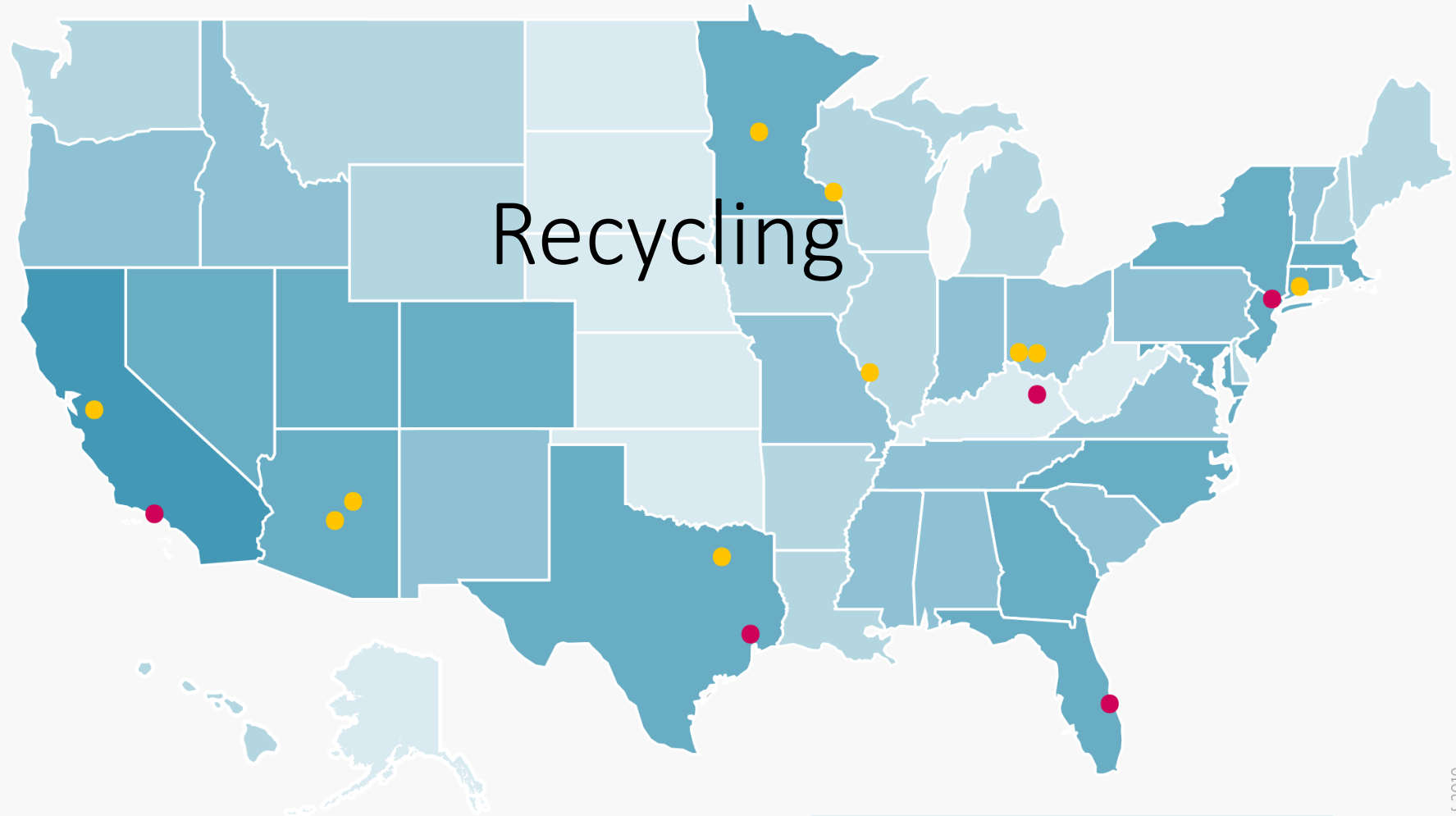
- Municipalities along the viable corridor inundated with project applications.
- Scrambled to develop and approve ordinances.
- Largely volunteer planning boards-atypical development with wildlife and habitat impacts. (Think Walmart size development in woods)
- Projects intentionally falling just below site law review threshold. (19.8 acres)
- Smaller sites greater fragmentation of natural systems, no comprehensive review w/o best practices in place.
- Vital that change in ownership does not water down community expectations or owner obligations.
- Past solar and wind farm production has resulted in technological obsolescence and many sites were abandoned rather than upgraded.

WHERE IS SOLAR BEING INSTALLED AND WHERE CAN YOU RECYCLE PANELS?

TOP 10 STATES

California	25,016 MW
North Carolina	5,467 MW
Arizona	3,788 MW
Nevada	3,452 MW
Florida	3,156 MW
Texas	2,957 MW
New Jersey	2,829 MW
Massachusetts	2,535 MW
New York	1,718 MW
Utah	1,661 MW
Georgia	1,572 MW

INSTALLED CAPACITY (MW)



RECYCLING CENTERS

- Full Panel
- Specific Components

Incentivizing More Appropriate Development

Existing Developed areas (large malls, parking garages, “dark store” sites)

Contaminated or Brown field areas

Land Fills

Gravel Pits other marginal or exhausted lands

Green Roofs –Stormwater mitigation (linked Neighborhoods)

- More expensive construction.
- Challenging to bury material in rocky areas.
- Challenging to retrofit old buildings.
- Additional permitting around contaminated and brownfield sites.
- Vermont stipulates that a qualified conservation organization must own and manage the open space.

Solar and Farmland Considerations

Incentivize appropriate development

- Incentivize development in marginal and contaminated or unusable spaces first. (PFAS/PFOA contaminated soils)
- Incentivize more structurally challenging built environment focused projects.
- Fully fund the municipal reimbursement portion of the “current use” program to ease pain on local property tax for statewide concerns.
- Strengthen local planning capacity with solar specific technical assistance.
- Provide PUC, DEP and ACF with enforcement powers, and adequate staffing resources to oversee projects reducing the burden on codes enforcement.
- Shield landowners and community from planned obsolescence of technology.
- Close loopholes that may allow land in one program to roll to another with no penalties for the purpose of solar farms.
- Develop a robust oversight and support program and link assessment with desired outcomes

Disincentivize farmland development

- Require projects to be collocated activities – existing farm production and generation.
- Roll back on equipment exemptions for siting in farmland enrolled in “current use”. (No double dipping on community)
- Use soil and land assessments to site larger more efficient projects in appropriate places.
- Require local governing body to accept the change in use not just vet the development plan. (California, Connecticut, Florida, Nevada, Tennessee, and Oregon)
- Remove the exemption for tax penalties from moving from TG to CU if solar is placed on the land.
- Create a list of trusted development partners for any collocation project by establishing a robust licensing or certification program like shoreland zone certified contractors.
- Revisit the Farmland current use program with an eye towards greater accountability/penalties for productivity under solar installations.

Additional Reading

- **Clean and Green: Pennsylvania taxpayers pick up the tab left by large landowners**
- <https://www.mcall.com/news/watchdog/mc-nws-clean-and-green-property-tax-subsidy-20171201-htmstory.html>
- **Costs of Preferential Assessment for Open Space**
- <https://www.lincolinst.edu/publications/articles/tax-incentives-open-space-preservation>
- **Considerations for Transferring Agricultural Land to Solar Panel Energy Production**
- <https://craven.ces.ncsu.edu/considerations-for-transferring-agricultural-land-to-solar-panel-energy-production/>
- **“DEP Certified Contractor”**
- <https://www.mainelegislature.org/legis/statutes/38/title38sec439-B.html>
- <https://www.maine.gov/dep/land/training/ccec.html>
- **Land and Water Resources Council report on the Use of Incentives to Keep Land in Productive Farming, Fishing and Forestry Use, 2001**
- https://digitalmaine.com/cgi/viewcontent.cgi?article=1063&context=spo_docs