Solar Power Equipment/Taxation: Connecticut Court Addresses Exemption Question

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The Superior Court of Connecticut ("Superior Court") addressed in a May 7th Opinion an issue involving solar panels and related equipment. See *AFL-HBAN Solar Trust c/o the Huntington National Bank v. Town of Griswold,* 2024 WL 2076168.

The question addressed is whether the solar panels ("solar equipment") are exempt from personal property taxes under Connecticut law.

AFL-HBAN Solar Trust ("AFL") operates solar equipment that contributes excess electricity to the Connecticut Virtual Net Metering ("VNM") program. Municipalities and solar power equipment operators may be eligible for credits when excess electricity generated by the privately owned solar equipment is transferred to the general grid and utilized by other end-users.

This process is known as "net metering."

To be tax-exempt, the solar Equipment must meet certain requirements found in Connecticut General Statutes § 12-81(57)(D)(iii). Those requirements mandate that the solar thermal renewable energy source:

- Be installed on or after January 1, 2014.
- Be used for commercial or industrial purposes.
- Not allow the nameplate capacity of the source of electricity to exceed the load where such generation or displacement is located or the aggregate load of the beneficial accounts participating through the VNM program.
- Limit the exemption to be applicable only to the amount by which the assessed valuation of the real property equipped with such source exceeds the excess assessed valuation of such real property equipped with a conventional portion of the source. Conn. Gen. Stat. § 12-81(57)(D)(iii).

The Town of Griswold ("Griswold") argued that AFL's solar equipment did not meet the requirements detailed in (II) and (III) of § 12-81(57)(D)(iii). However, it provided no specific, material facts to dispute the Plaintiff's assertions. Therefore, the Superior Court concluded that the summary judgment decision rested on whether the AFL could present undisputed material facts to establish that their solar equipment meets the requirements of (II) and (III) of § 12-81(57)(D)(iii).

The Superior Court determined that there was no genuine issue of material fact and granted summary judgment to the AFL.

AFL's solar equipment generates energy that is transferred to another source and distributed to various end users of the electricity for compensation.

The Superior Court consequently determined that AFL's equipment was being used for a "commercial" purpose, satisfying § 12-81(57)(D)(iii)(II). Further, it found that AFL's nameplate capacity did not exceed the total aggregate load for the end users, which in this case were the towns of Newton and Stamford. This satisfies § 12-81(57)(D)(iii)(III).

Since the Defendant offered no material facts to contradict or rebut the Plaintiff's claims, the court granted the Plaintiff's summary judgment motion.

A copy of the decision can be downloaded here.