

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on
Energy, Utilities and Technology
Hearing Date: *February 27, 2025*

LD 359 – “*An Act to Prohibit Net Energy Billing by Certain Customers*”

Senator Lawrence, Representative Sachs, and members of the Joint Standing Committee on Energy, Utilities and Technology – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 359, “*An Act to Prohibit Net Energy Billing by Certain Customers.*”

I want to begin by noting that this testimony is limited to the impact that the bill would have on state taxes and tax administration. We anticipate additional testimony from GEO and/or GOPIF reflecting the Administration’s position on the energy policy and other policy aspects of the bill.

From a tax policy perspective, I’ll point out that the intended scope of the two new property tax exemptions – Sections 6 and 7 of the bill – is unclear. The structure of the bill, the bill summary, and the text of Sections 6 and 7 leave uncertain how the revised (i.e., new) exemptions interact with NEB participation and how they would affect persons who currently receive a property tax exemption on their solar equipment. The intent should be clarified. I’ll add that solar projects are significant investments with multi-year payback timelines. Repealing an exemption that may have driven long-term purchase decisions after the fact may be viewed as unfair by affected taxpayers.

Next, from a technical perspective, an effective date of April 1, 2025, could result in the bill becoming law after some municipalities have already assessed and committed their property taxes for the April 1, 2025 tax year. The Administration recommends that the effective date be revised to apply to property tax years beginning April 1, 2026, or later.

While the fiscal impact of the bill is unclear at this time, the bill would likely result in a reduction in State reimbursement to municipalities for the renewable energy property tax exemption.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.