

**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 450 – “*An Act to Lower Electricity Costs by Repealing the Laws Governing
Net Energy Billing*”

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 450, “*An Act to Lower Electricity Costs by Repealing the Laws Governing Net Energy Billing*.”

This testimony relates only to the Administration’s property and sales tax concerns with the bill; and the Administration would like to coordinate our response with GEO and GOPIF, who we assume have an interest in this bill.

First, many solar projects are significant investments with multi-year payback timelines. Repealing net energy billing tax exemptions that may have driven long-term purchase decisions after the fact may be viewed as unfair by affected taxpayers.

In addition, 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. We recommend that the effective date be revised to apply to property tax years beginning April 1, 2026, or later.

Finally, while the fiscal impact of the bill is unclear at this time, it would result in a significant reduction in State reimbursement to municipalities for the renewable energy property tax exemption. Repeal of the sales tax exemption for net energy billing would also raise approximately \$11 million or more in tax revenue a year.

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.