

**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 515 – *“An Act to Reverse Recent Changes Made to the Law Governing Net
Energy Billing and Distributed Generation”*

Senator Lawrence, Representative Sachs, and members of the Joint Standing Committee on Energy, Utilities and Technology – good morning, 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 515, *“An Act to Reverse Recent Changes Made to the Law Governing Net Energy Billing and Distributed Generation.”*

This testimony relates only to the potential property tax implications of the bill; we anticipate that the Governor’s Energy Office (GEO) and Office of Policy Innovation and the Future (GOPIF) may testify separately with the Administration’s view on the energy policy aspects of the bill.

This bill excludes commercial and institutional net energy billing (NEB) customers, who currently receive a property tax exemption, from receiving that exemption going forward. I’ll note that many 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.

The bill also repeals the existing provision governing NEB arrangements for individual customers and replaces it with a provision that allows the PUC to adopt rules around these type of NEB arrangements. This open-ended approach makes it unclear how this bill would affect individual NEB customers who currently receive a property tax exemption.

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 to avoid this confusion.

Finally, while the fiscal impact of the bill is unclear at this time, it would 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.