



The Commonwealth of Massachusetts
MASSACHUSETTS SENATE

SENATOR JAMES B. ELDRIDGE

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Commissioner Amy Pitter
Department of Revenue
P.O. Box 7010
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Dear Commissioner Pitter,

I am writing to ask you and your staff at the Mass Department of Revenue (DOR) for assistance and further clarification regarding the taxation of solar energy in the Commonwealth of Massachusetts. The lack of clarity was raised to me by constituents of mine from the Town of Harvard, who have been working for well over a year on creating community-based solar generation, through the creation of a "Community Solar Garden," in the Town of Harvard, to better serve some of the residents of Harvard. As a State Senator who is a strong proponent of adding more solar power in Massachusetts, and as a member of the Joint Committee on Telecommunications, Utilities and Energy, a further clarification of this matter by the DOR would not only be helpful for Harvard Solar Gardens, Inc., but also for the entire state.

On February 19th of this year, my office held a meeting with myself and my aide Kelsey Smithwood, Representative Jennifer Benson's aide Catherine Bunker, Green Communities Division Director Meg Lusardi and Legislative Director for Energy Dan Burgess of the Executive Office of Energy and Environmental Affairs (EOEEA), Elizabeth Mahoney of the Department of Energy Resources (DOER), Elizabeth Kennedy and Bob Fitzpatrick of the Massachusetts Clean Energy Center (MassCEC), and Eric Broadbent and Worth Robbins of Harvard Solar Gardens, to discuss how to best assist Harvard Solar Gardens in overcoming hurdles to proceeding with two approved ground-mounted solar projects in the Town of Harvard. Specifically, Harvard Solar Gardens is concerned that application of the solar tax would be prohibitive to their projects, as well as to other community-based solar projects across the state.

Exemption from local taxation for solar or wind powered systems installed on-site to meet energy needs of taxable property is clear under M.G.L. 59, Section 5, Forty-fifth, and has been valuable in promoting residential and small business adaptation. In 2011, at the end of the first pilot program of Solarize Massachusetts, the idea of community shared systems emerged, to allow property owners whose property was not suitable for on-site installation to participate by installing their system in a community shared facility. Such a project has been developed by volunteers in the Town of Harvard, and other projects are in various stages of development across the Commonwealth.

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During our meeting, Harvard Solar Gardens representatives explained that the economics of installation in a shared system are not as attractive as on-site installation, because of additional costs for site preparation, permitting, infrastructure, insurance, maintenance and decommissioning reserves, and administration, but good enough that many who want to support the goals of distributed generation of renewable energy are willing to participate. Harvard Solar Gardens stressed, however, that without the same exemption from local taxation as they would enjoy for on-site installation, the projects may not be viable.

A representative from the DOER emphasized during our meeting that the state's vague solar tax exemption law must be clarified through the Legislature, and I do support legislation filed this session to this end. It is my understanding, however, that currently the DOR's assessment of whether the tax exemption should apply to certain solar projects per M.G.L. 59, Section 5, Forty-fifth is given significant consideration by the local Board of Assessors when making its determination.

Per M.G.L. 59, Section 5, Forty-fifth, individual solar systems installed on-site are exempt from taxation for 20 years. Ownership of the Harvard Solar Gardens projects is completely composed of individuals and/or businesses owning shares to be net metered to their qualifying property, therefore sharing the same intent and function as individual on-site solar arrays.

I am respectfully seeking guidance from the DOR in confirming that the solar tax exemption applies to shared ownership systems in which all of the net metered production goes to the properties of the owners, on the same basis as if the individual systems were installed on-site. Such an application of the exemption would carry out the full intent of M.G.L. 59, Section 5, Forty-fifth.

To be clear, I understand that the taxation of solar energy needs to be clarified by legislative action, and I support a number of bills filed this session that propose to do that. However, I am also asking the DOR to assist the town of Harvard, its leaders on solar energy, and myself, in providing as much assistance as possible to make their vision a reality. Ideally, the DOR, DOER, and the MassCEC would be able to come together and provide further guidance to community leaders like those that I represent in the Town of Harvard.

Thank you for your time and consideration. If you have any questions regarding this letter of Harvard Solar Gardens, Inc., please contact my Legislative Aide, Kelsey Smithwood, at Kelsey.Smithwood@masenate.gov, and she would be more than happy to get you or your staff in touch with the Harvard residents who have done this volunteer work on the proposed community solar garden. Please do not hesitate to contact me at my State House office with any questions, and thank you very much for your assistance on an important project that could be the model for other communities in the Commonwealth of Massachusetts.

Sincerely,



Jamie Eldridge
State Senator

Middlesex & Worcester District

CC: Secretary Richard Sullivan, EOEEA
Commissioner Mark Sylvia, DOER
Executive Director Alicia Barton, MassCEC
Representative Jennifer Benson