

State Expands Favorable Tax Treatment for Renewable Energy Sources

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Laura Bellotti Cardillo

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The Connecticut property tax exemption for renewable energy sources, including solar thermal or geothermal renewable energy sources, recently has been expanded in scope to include commercial and industrial properties. Prior to October 1, 2013, only the real or personal property comprising renewable energy sources for single family dwellings, multifamily housing with two to four units, or a farm, was eligible for exemption from local property taxes. The state legislature amended this exemption effective with the October 1, 2013 assessment year for commercial properties in New Haven, with the exemption being expanded to encompass such renewable energy sources in all municipalities around the state for assessment years commencing on or after October 1, 2014.

In order to qualify for this exemption, the renewable energy source must be a Class I renewable energy source, which is defined as energy derived from, among other sources, solar power, wind power, a fuel cell, methane gas from landfills, or a hydropower facility, or a solar thermal or geothermal renewable energy source. The installation of such a renewable energy source must occur on or after January 1, 2014 for commercial or industrial purposes, and the nameplate capacity of the energy source or facility cannot exceed the load for the location where the generation or displacement is located.

To claim this exemption, a written application must be filed by the owner of the assets with the assessor of the municipality where the installation has occurred. The deadline for filing the application is November 1 of the year in which the installation takes place, and the application can be obtained by the municipality where the assets are located. It is extremely important that the appropriate documentation be filed by the November 1 deadline, otherwise the failure to file the exemption application is considered a waiver of the exemption for the assessment year in which the exemption is sought.

While there is no requirement that the owner of the assets must file a new application annually, if the renewable energy source is altered in a manner that would require a building permit, a new application must be filed by November 1 of the year in which the alterations were undertaken. Owners who fail to file a new application after the renewable source is altered waive their right to enjoy the exemption for that particular assessment year.

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BRIDGEPORT
203.330.2000

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WHITE PLAINS
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Laura Bellotti Cardillo is a partner in the Property Valuation practice at Pullman & Comley, LLC, based in Hartford. Reprinted with permission from the Fall 2014 Green Guide issue of The Hartford Business Journal.

Professionals

Laura Bellotti Cardillo

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