

Council Resolution 167-2025 Fiscal Analysis

Introduced: September 2, 2025

Fiscal Manager: Owen Kahn

Legislative Intent: This resolution approves a payment in lieu of taxes (PILOT) agreement, which would waive a certain percentage of property taxes on the site of a proposed solar generation project.

ANALYSIS

Fiscal Impact:

FY 2026 Operating Budget Line: General Fund Real and Personal Property Taxes Revenue: \$960,923,568.¹

Revenue loss based on % of electricity used in County, based on OCS/Finance data ²

<u>Years</u>	<u>More than 50% in County</u>	<u>Less than 50% in County</u>
Year 1-10 total	(\$213,489.28)	(\$160,116.96)
Year 11-20 total	(\$79,888.90)	(\$39,944.45)
20-year total	(\$293,378.18)	(\$200,061.41)

This legislation will decrease County property tax revenue in the amounts summarized above. The 55 acres of property that will be used for the solar array will be exempted from a certain percentage of personal and real property taxes.

The estimated real property tax exempted is based on previous tax bills for the property. Only the 55 acres included in the solar project will be included in the calculation of tax exemption; all land not used for the solar array will continue to pay the full amount of the tax. The personal property tax estimate will be based on the value of the physical equipment installed for the project (panels, racking, inverters, etc.). According to the Department of Finance, the developer created an estimate for the purpose of projecting the fiscal impact. Once the project is completed, SDAT will make the personal property tax assessment.

The percentage of taxes exempted is based on whether more than 50% of the electricity generated by the projected is used by customers in Howard County. Tax breaks are higher in the first ten years, partially to offset expensive upfront costs of solar panels and other equipment.

Years	More than 50% in County		Less than 50% in County	
	Personal Property Taxes	Real Property Taxes	Personal Property Taxes	Real Property Taxes
1 - 10	100%	50%	75%	37.5%
11 - 20	50%	25%	25%	12.5%

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² Based on estimates from the Office of Community Sustainability and tax records for the property.

A Power Purchase Agreement was reached between the property owner and the University of Maryland Medical Systems (UMMS) to sell the generated power to UMMS for use at a property in Columbia.³ OCS projects this property will use 50% of the generated electricity. Annual reports once the facility is operational will show if 50% is used in County.

The developer has confirmed that the PILOT is necessary to make the project economically feasible.

Budget Implications:

- PILOTs recuperate a portion of lost tax revenue in the form of fixed payment amounts. This PILOT requires a symbolic payment of \$1 per year in lieu of exempted property taxes.

Issues/Questions:

- A request for the project proforma or other document showing the project's financial projections has been submitted to the Office of Community Sustainability.

³ 7060 Columbia Gateway Drive.