

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 344

(Senators King and Hester)

Budget and Taxation

Ways and Means

Property Tax - Agricultural Use Assessment - Community Solar Energy
Generating Systems

This bill extends the deadline by which a community solar energy generating system must be approved by the Public Service Commission (PSC) in order to qualify for an agricultural use assessment from December 31, 2025, to December 31, 2030. The bill also establishes a process for the State Department of Assessments and Taxation (SDAT) to determine in advance of construction whether a proposed agrivoltaics project will qualify for the agricultural use assessment. The department may rescind a preconstruction determination under specified circumstances. The bill authorizes SDAT to charge an application fee to cover administrative costs. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: Potential decrease in Annuity Bond Fund (ABF) revenues beginning in FY 2027 depending on the number of additional community solar energy generating systems that are placed in service between December 31, 2025, and December 31, 2030. Expenditures incurred by SDAT are offset by application fees.

Local Effect: Potential decrease in local property tax revenues beginning in FY 2027 depending on the number of additional community solar energy generating systems that are placed in service between December 31, 2025, and December 31, 2030. Expenditures are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Current Law: Chapters 658 and 659 of 2022 provided several tax benefits for a community solar energy generating system that is placed in service after June 30, 2022, and approved on or before December 31, 2025, by PSC. One of the tax benefits required SDAT to assess and qualify land that is used by a community solar energy generating system for agrivoltaics as land that is actively used for farm or agricultural purposes.

Agricultural Land Use Assessment

Land that is actively used for farm or agricultural use must be valued on the basis of that use and may not be valued as if subdivided. Land that is valued as agricultural use must be assessed on the basis of its use value. SDAT must establish in regulations criteria to determine if land that appears to be actively used for farm or agricultural purposes (1) is actually used for farm or agricultural purposes and (2) qualifies for an agricultural use assessment. The criteria must include (1) the zoning of the land; (2) the present and past use of the land including land under the Soil Bank Program of the United States; (3) the productivity of the land, including timberlands and reforested lands; and (4) the gross income that is derived from the agricultural activity.

State Fiscal Effect: ABF revenues may decrease beginning in fiscal 2027 depending on the number of additional community solar energy generating systems that are placed in service between December 31, 2025, and December 31, 2030. The bill authorizes SDAT to charge an application fee to cover the department's administrative costs. As a result, any costs incurred by the department to administer the provisions of the bill may be offset with applications fees.

The department reports that no community solar generating systems are currently receiving an agricultural use assessment.

Local Fiscal Effect: Local property tax revenues may decrease beginning in fiscal 2027 depending on the number of additional community solar energy generating systems that are placed in service between December 31, 2025, and December 31, 2030.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 734 (Delegate Roberson) - Ways and Means.

Information Source(s): State Department of Assessments and Taxation; Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2026
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