

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 5434
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 29, 2021

SUMMARY

- Synopsis:** Establishes dual-use solar project pilot program for unpreserved farmland; allows land used for dual-use solar project to be eligible for farmland assessment under certain conditions.
- Type of Impact:** Annual State expenditure increase from the General Fund.
- Agencies Affected:** Board of Public Utilities, Department of Agriculture, Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Marginal

- The Office of Legislative Services (OLS) determines that this bill would result in a marginal one-time State expenditure increase from the General Fund to the Board of Public Utilities (BPU), the Secretary of Agriculture, and the Department of the Treasury to adopt rules and regulations necessary to establish the dual-use solar program.
- The bill would also result in an annual expenditure increase from the General Fund to the BPU to review applications and perform other administrative duties necessary to operate the program. It is likely that all tasks required under the bill could be subsumed within existing staff duties.

BILL DESCRIPTION

This bill would direct the BPU, in consultation with the Secretary of Agriculture, to establish a "Dual-Use Solar Energy Pilot Program" to permit the construction, installation, and operation of dual-use solar energy projects on unpreserved farmland, while maintaining the affected land in active agricultural or horticultural use.

The bill would direct the BPU to adopt rules and regulations to establish the pilot program no later than 180 days after the bill's enactment. The bill would stipulate that an individual dual-use solar energy project could not be greater than 10 megawatts in size, and that the total power produced by all dual-use solar energy projects in the pilot program could not exceed 200 megawatts (except that this limit could be increased if the BPU extends the pilot program, as described below). In addition, the bill would direct the BPU to establish financial incentives available to dual-use solar energy projects under the pilot program.

The bill would establish certain restrictions on where dual-use solar energy projects participating in the pilot program could be sited, as enumerated in subsection b. of section 1 of the bill. Projects would be restricted from being sited on certain prime farmlands. In addition, projects would be restricted from being sited on certain ecologically sensitive areas, unless granted a waiver by the BPU, including the preservation area in the pinelands area, the Highlands preservation area, and certain forests and wetlands. The bill would also direct the BPU to adopt certain technical standards, requirements, and application criteria, as enumerated in subsections b. and c. of section 1 of the bill.

The pilot program would continue for 36 months, under the bill, after which time the BPU would be authorized to extend the pilot program for a maximum of two additional 12-month periods. The BPU would also be authorized to increase the overall power limit of the pilot program by 50 megawatts each time it extends the program. The bill would provide that a project approved under the pilot program would be considered a permitted use in every municipality.

After the termination of the pilot program, the bill would direct the BPU to adopt rules and regulations to establish a permanent dual-use solar energy program, which take into account the results of the pilot program and any research studies on the efficacy of dual-use solar energy projects in New Jersey. The bill would establish certain guidelines for the permanent program, as enumerated in subsection f. of section 1 of the bill.

The bill would provide that land on which a dual-use solar energy project constructed and approved pursuant to the pilot program would be eligible for farmland assessment, subject to certain conditions, which are enumerated in subsection b. of section 2 of the bill. In addition, the bill would provide that no generated energy from a dual-use solar energy project would be considered an agricultural or horticultural product, and no income from any power sold from the dual-use solar energy project would be considered income for the purposes of eligibility for farmland assessment. The bill would require the Division of Taxation, in consultation with the Secretary of Agriculture and the BPU, to adopt rules and regulations to implement the bill, and to incorporate information concerning dual-use solar energy projects into the guidelines provided and the continuing education course offered to municipal tax assessors, county assessors, county tax administrators, and other appropriate local government officials.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that this bill would result in a marginal one-time State expenditure increase from the General Fund to the BPU, the Department of Agriculture, and the Department of the Treasury to adopt rules and regulations necessary to establish the dual-use solar program.

The bill would also result in an annual expenditure increase to the General Fund by the BPU to review applications and perform other administrative duties necessary to operate the program. It is likely that all tasks required under the bill could be subsumed within existing staff duties. The OLS notes that the program would begin as a three- to five-year pilot program, but that the bill directs the BPU to adopt rules and regulations again after the end of the pilot program in order to establish a permanent dual-use solar program. Thus, any expenditure increases caused by hiring additional staff, paying overtime hours, etc. related to the rulemaking process would likely occur one year after the bill's enactment and again four to six years after the bill's enactment.

Section: Environment, Agriculture, Energy, and Natural Resources

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).