



Howard County

Internal Memorandum

Subject: Council Resolution No. 90-2014- Payment in Lieu of Taxes Agreement with Nixon's Farm Lane, LLC

To: Lonnie R. Robbins,
Chief Administrative Officer

From: Joshua Feldmark,
Administrator, Office of Environmental Sustainability

Date: July 14, 2014

Resolution 90-2014 supports approval of the terms and conditions of the Payment in Lieu of Taxes Agreement (the "PILOT") by and between Nixon's Farm Lane, LLC and Howard County, Maryland for the construction and operation of a solar array to generate 10 Megawatts (MWAC).

Background

Section 7-514 of the Tax-Property Article of the Annotated Code of Maryland allows the County to negotiate and execute a PILOT for a project that generates energy. This is the first use of this authorization in Howard County. It is our intent to create incentives for larger scale renewable energy projects to be built within Howard County.

After receiving a request from the project builder for this PILOT, we entered into negotiations to determine terms that would be favorable to the project and provide potential incentives for future projects by others. The key components of the terms are as follows:

- For the first 10 years (starting in FY 2015) the owner shall pay \$1 in real property taxes
- For years 11-15, the owner will receive a 50% abatement of the real property taxes assessed on the property.
- For years 16-20, the owner will receive a 25% abatement of the real property taxes assessed on the property.
- The owner has agreed that the system will be generating 10MWAC by June 30, 2019
- If the system is not generating 10 MWAC by June 30, 2019, the PILOT agreement will be terminated and the Owner will repay the abated taxes in proportion to the shortfall.
- Starting July 30, 2015 the owner must provide the County with an annual report on the status of the Project.

Fiscal Impact

Current real property taxes on this property equal \$36,758.55 and, should this pilot be approved, the fiscal impact will be an annual revenue loss of about \$37,000 for the next ten years.

cc: Jennifer Sager
Ray Wacks
Stan Milesky