Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 710 (Blakespear) – As Amended July 16, 2025

Policy Committee: Revenue and Taxation Vote: 4 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill authorizes a new active solar energy system (ASES) property tax exclusion limited to smaller scale systems to replace the existing ASES exclusion, which is applicable to property tax lien dates through fiscal year (FY) 2025-26.

Specifically, this bill:

1) Removes the January 1, 2027, repeal date for the existing ASES exclusion and provides that an ASES that qualifies for the existing exclusion prior to January 1, 2027, must continue to receive the exclusion until a subsequent change in ownership.

2) Authorizes a new ASES exclusion for a "qualified ASES" applicable to property tax lien dates on or after January 1, 2026, but before January 1, 2031.

3) Requires a "qualified ASES" be one of the following:

   (a) Physically attached to a residential dwelling or to a structure on the same assessor's parcel, or not physically attached but located on the same assessor's parcel, located on a continuous assessor's parcel, or part of the same appraisal unit as the dwelling; and distributes solar energy to that dwelling only.

   (b) Located on the same assessor's parcel as a nonresidential customer, located on a contiguous assessor's parcel to the nonresidential customer, or part of the same appraisal unit as the nonresidential customer; distributes solar energy to that customer; and has a rated nameplate capacity of one megawatt (MW) of alternating current or lower.

FISCAL EFFECT:

1) Annual property tax revenue loss of at least $11 million. The State Board of Equalization (BOE) notes that the revenue estimate was developed based on ASES volume and costs related to the new construction of single-family and multi-family homes. Since the estimate does not account for qualifying roof retrofits or ASES installations on commercial structures, the revenue estimate is understated. Although this bill specifies that the state is prohibited from reimbursing any local agency for lost property tax revenues and property tax is a local government revenue source, reductions in property tax revenues increase Proposition 98 General Fund (GF) spending by up to roughly 50% (the exact amount depends on the specific amount of the annual Proposition 98 guarantee).

2) Costs of approximately $9,200 in FY 2025-26, $3,400 in FY 2026-27, and $2,300 in FY 2027-28 to BOE to issue guidance to county assessors and update informational materials (GF).

3) Costs of an unknown amount to county assessors to modify assessment practices. If the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service for which the state must reimburse local costs, counties could claim reimbursement from the state (GF).

COMMENTS:

1) **Purpose.** The author notes that "state incentives for solar have diminished in recent years." According to the author:

> A metering regulation change allowed utilities to charge solar-owning customers more for access to the electric grid, while refunding less for energy returned to the grid. Although solar is still a net benefit, both economically and environmentally, this change negatively affected adoption rates at a time when the state is struggling to meet its climate goals.
>
> Now, more than ever, it is important to maintain this crucial exclusion that makes the solar transition more affordable for individuals, businesses, schools and others and helps the state meet its clean energy goals.

4) **Background.** ***Solar Exclusion.*** Existing law excludes, through FY 2025-26, the construction or addition of any ASES, from rooftop solar on a single-family home to a large-scale solar farm, from the definition of "new construction," that would otherwise require an assessor to reappraise property at a higher value. The ASES exclusion ends when ownership of the system changes, triggering assessment of the system's value for property tax purposes. This bill allows the existing exclusion to sunset, but provides that an ASES qualifying for the existing exclusion prior to January 1, 2027, continues to receive the exclusion until a subsequent change in ownership. This bill creates a new exclusion to replace the expiring exclusion, but limits the exclusion to a qualified ASES on a residential property or nonresidential property with a smaller system of one MW or lower.

   Decades Later. Since the enactment of the original exclusion nearly 45 years ago, California has accelerated its clean energy goals. New policies include a commitment to reaching 100% renewable and zero-carbon electricity and 100% zero-emission medium- and heavy-duty vehicles by 2045, which necessitate an increase in generation from clean energy sources and increase market opportunities for larger scale system owners. Solar has also been mandated for new single-family homes and multi-family residences up to three stories high since 2020 and requirements for new commercial buildings took effect in 2023. Generally, tax incentives are conferred to incentivize voluntary behavior deemed beneficial for the public good. To the extent existing law effectively requires installation of solar systems, this bill could provide a windfall for legally mandated behavior.

2) **Support and Opposition.** This bill is supported by a coalition of environmental groups and clean energy associations, which argues, "SB 710 would not continue the property tax

exclusion for utility-scale solar farms, which are major construction projects that fundamentally alter a location. Rooftop solar is an appliance." This bill is also supported by agriculture associations and other business groups.

This bill is opposed by the California Large Energy Consumers Association (CLECA), unless amended to reverse a recent amendment to this bill that removed an ASES with a rated nameplate capacity of five MW of alternating current or higher from the exclusion, arguing, "This threshold effectively excludes most – if not all – CLECA members, whose energy demands require significantly larger systems." This bill is also opposed by utility labor organizations.

3) **Prior Legislation.** SB 1340 (Hertzberg), Chapter 425, Statutes of 2022, extended the existing ASES exclusion by two years to apply to property tax lien dates through FY 2025-26.

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