



CLEAN ENERGY NH

Your Voice in All Energy Matters

PILOT Agreements & Solar Energy Facilities

What is a PILOT agreement?

A PILOT is a Payment in Lieu of Taxes. PILOTs are negotiated and paid to a municipality instead of typical property taxes. The rate is typically set for the life of the project.

How do PILOT agreements work?

[NH RSA 72:74](#) allows for a Board of Selectmen or City Council, after a public hearing, to enter into a long-term tax agreement specifically designed for renewable energy facilities like solar. An owner of the renewable energy facility OR a lessee responsible for paying taxes on the facility and underlying property can enter into these voluntary agreements. Typical PILOT agreements last at least 20 years and may be a longer term if the parties agree based on the financing constraints of a given project.

How do PILOT agreements benefit municipalities?

PILOTs are designed to create tax revenue for a municipality. Renewable energy facilities, such as solar facilities, do not use typical town services (e.g. public school, municipal water, sewer, etc) and therefore offer an opportunity to put land into a useful, tax generating category without increasing the municipality's costs. Municipalities can add to their tax revenue by entering into a PILOT agreement with a solar energy facility. PILOT rates are typically set for the life of the solar project, so the town can count on a locked in revenue stream for the next 20+ years.

How do PILOT agreements benefit the clean energy economy and renewable energy resources like solar?

Most towns in New Hampshire and in other states use PILOT agreements to tax solar projects and other renewable energy generation facilities because an energy facility is a depreciating asset and does not require town services like a traditional property would. Typical property taxes are expensive in New Hampshire and the PILOT alternative presents a cost-savings opportunity that can make solar projects more economically feasible and accessible to communities that want to invest in clean energy. The multi-year agreement can also help provide predictability and help project costs over the term of the PILOT. Often times financing partners require PILOTs so that tax expenses over the life of the project are set.

What are common solar PILOT amounts?

\$2,500 to \$4,000 per megawatt AC (MW_{AC}) is the typical annual PILOT amount in New Hampshire. The amount changes based on the project conditions of a solar energy facility. For example, a solar energy facility built on a landfill is more expensive to build and the land is unlikely to have other valuable use, so the PILOT is typically lower. Facilities built on greenfield sites typically have higher PILOTs. Municipalities, community members, and solar developers should remember that PILOTs are designed to be negotiated and are best used when negotiated to fit each facility's unique circumstances. This range should not preclude negotiations that result in higher or lower PILOTs, and other renewable energy technologies may use a different approach to PILOTs.