



# This Week in State Tax (TWIST)

16th January, 2024



To listen to the podcast please [click here](#)

## Connecticut: Solar Equipment Not Entitled to Manufacturing Property Tax Exemption

A Connecticut Superior Court recently addressed whether a solar power company was entitled to a property tax exemption for certain personal property used to generate solar electricity. Under Connecticut law, machinery and equipment used in manufacturing facilities is exempt from personal property taxes. "Machinery and equipment" is defined as tangible personal property which is installed in a manufacturing facility... and the predominant use of which is for manufacturing, processing or fabricating. Manufacturing means the "activity of converting or conditioning tangible personal property by changing the form, composition, quality or character of the property for ultimate sale at retail or use in the manufacturing of a product to be ultimately sold at retail." In a 1992 Connecticut case, the state supreme court held that the generation of electricity is not manufacturing within the meaning of the sales and use tax act. The legislature subsequently unified the definition of "manufacturing" for sales and property tax purposes. The court, noting that the legislature is presumed to be aware of interpretations under the sales and use tax act, held that the taxpayer was not entitled to the exemption because the generation of electricity is not manufacturing for sales tax or property tax purposes. Please contact Cheryl Ladyzhets with questions on *McHenry Solar LLC v. Town of Hampton*.

Learn about us:



[kpmg.com](https://www.kpmg.com)