

Solar Land Leases

Considerations for Landowners



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Discover the value solar energy can bring to your land

New York's solar market is growing fast and demand for sites to install large-scale solar electric systems is high. Across the State, developers are looking for parcels of land — starting at approximately 10 acres — that are suitable for solar arrays.

There are multiple factors to consider before committing to lease your land for solar development. To fully understand the impact of these factors, consult with an attorney and your municipal assessor before signing any documents.

Key considerations

Is your property ideal for large solar arrays?

Certain site characteristics are especially attractive for solar development, including land that is cleared, south-facing, has road access, and is located near an electrical substation.

Talk to a solar developer about the siting of solar arrays on your property and be sure to ask questions. Do they have to be placed on your best farmland (such as on Soil Groups 1–4)? Can the solar arrays be placed on land that is not suited for agricultural production, such as support land, sloping pasture, or underutilized areas of the farm? Can the land beneath and surrounding the solar arrays be planted with crops or grazed by non-climbing animals? Think about how the siting of a solar array on your property can benefit your farm operation.

What are the per-acre lease rates?

If you are approached by a developer or have interest in leasing your land, consider researching the going rate for land leases in your area. You may wish to consult a real estate professional, and should consider contacting multiple solar developers to gauge interest in your land. Not sure where to start? NYSERDA's NY-Sun program maintains lists of approved solar contractors for both residential and larger-scale commercial/industrial solar installations at nyserderda.ny.gov/solar-developers.

Will the siting and construction of a solar array on your agricultural property affect your agricultural assessment?

If you receive an agricultural assessment and convert the land to a nonagricultural use, you may be subject to a monetary “conversion payment.” Before signing a lease or contract, landowners should confirm whether installing solar panels may trigger a conversion, as the landowner on record is responsible for paying the conversion payment. Your assessor can work with you to determine what the conversion payment may cost.

Will the siting and construction of a solar array impact my taxes?

A solar energy system is “real property” once it has been permanently affixed to land or a structure [Real Property Tax Law (RPTL) § 102(12)(b); 8 Op. Counsel SBEA No. 3]. The definition of real property includes a “power generating apparatus” [RPTL §102(12)(f)]. As such, it is taxable unless it qualifies for an exemption (RPTL § 300). The assessor must determine the contributory value of the solar array to the value of your property.

Can I qualify for a School District, County, Town, or Village Tax Exemption?

RPTL § 487 is an exemption statute in State Law that applies to renewable energy systems, including solar arrays. The Law provides a 15-year exemption from real property taxation for the increase in value resulting from the installation of a qualifying system. However, the statute allows municipalities and school districts to opt-out of this exemption. Check with your local tax assessor to find out if your county, town, village, and/or school district has opted out. Leases beyond 15 years will likely have an effect on your tax liabilities going forward. Absent the exemption, local taxing jurisdictions may seek to assess the solar array at full value.

Does my municipality have a law in place to regulate solar project development?

Some municipalities have provisions in their zoning code to address the siting, permitting, and installation of solar arrays within the community. A solar developer should be able to assist you in understanding how your municipality’s zoning law could affect a solar installation on your property.

Who is responsible for dismantling the solar array once the lease expires or is not renewed?

Make sure the contract includes provisions that determine who is responsible for decommissioning the solar array. This will ensure that if your lease expires and is not renewed, the company goes out of business or sells the project, or the solar array is no longer viable, the system will be dismantled and the land returned to its pre-lease condition.

Ready to get started?

Learn more about leasing your land for solar development at nyserdera.ny.gov/SolarGuidebook, call **1-866-NYSERDA** or email cleanenergyhelp@nyserdera.ny.gov

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