



January 30, 2007

Paul Plouffe
Board of Assessors
Town Hall
55 Main Street
Westford, MA 01886

Re: Clause 45
Our File No. 2006-288

Dear Mr. Plouffe:

You wrote that a residential property owner installed a solar heating system and certain questions were raised about the tax exemption under Clause 45. We apologize for the delay in responding.

In response to your first question, Chapter 59 Section 5 Clause 45 of the General Laws provides an exemption from local taxation for any solar or wind powered system or device which is used as a primary or auxiliary power system to heat or otherwise supply the energy needs of property taxable under Chapter 59. The exemption would apply to residential as well as commercial real estate.

With regard to your second question, the taxpayer must file an initial exemption application. The exemption is allowed for a period of 20 years from the date of the installation of the system.

In response to your third and fourth questions, the exemption is based on the fair cash value of certain components of the system. In a letter ruling from the Department of Revenue (LR81-107), the Commissioner wrote that those portions of the addition to a domicile, the sole purpose of which is the transmission or use of solar energy would be exempt from local taxation. Any components that serve a dual purpose, such as having a significant structural function, would not be exempt under Clause 45. Consequently, the value of the thermal storage rods and storage box and the duct work, damper and fan system would be exempt. However, the value of the insulating materials, the windows, floors, gravel base and other structural components would be included in the parcel's taxable value. The assessors must use their own appraisal judgment to determine the value of the system and to allocate the taxable and exempt portions of the system.

Finally, the Clause 45 exemption only applies if the real property is taxable. We hope this information proves helpful.

Very truly yours,

Kathleen Colleary, Chief
Bureau of Municipal Finance Law

KC/JFC