Fact Sheet

Land Use Tax Policy Considerations for Agrisolar

Introduction

Utility-scale solar energy projects require considerable land use. To meet rising energy demand, the U.S. Energy Information Administration forecasts solar to lead new generation growth, with an estimated 69 gigawatts of new capacity added between 2026 and 2027 and total solar generation increasing by 21%.[1,2] Meeting that demand will require 5 to 7 acres of land per megawatt, often the same type of flat, open land with sunshine used for agriculture.[3] That means farmland may be eyed for solar development.[4]

With so much solar development on the horizon, consider how land use might be maximized to allow agriculture and solar arrays to coexist. Dual-use and agrisolar practices can provide opportunities for farmers and landowners to keep land in agricultural use while meeting the growing demand for solar energy.

State land use policies influence where solar development can occur, and the extent to which agrisolar or dual-use practices are feasible. Approaches vary by state, with some restricting solar development on prime farmland or within designated agricultural zones. Other states have developed policies that allow for development on farmland provided certain management practices are maintained to ensure continued agricultural production alongside solar energy generation.[5]

One policy lever states can use to incentivize dual-use practices is the structure of land use tax. For example, allowing landowners to integrate solar development into their farming operations without a land use tax change is financially beneficial, providing landowners with an additional, stable income stream while retaining their land for agricultural production.

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1 "Short-Term Energy Outlook." U.S. Energy Information Administration, April 7, 2026, eia.gov/outlooks/steo. Accessed April 2026.

2 "After More Than a Decade of Little Change, U.S. Electricity Consumption is Rising Again." U.S. Energy Information Administration, May 13, 2025, eia.gov/todayinenergy/detail.php?id=65264. Accessed March 2026.

3 "Managing Growth: Land Use and Solar Development." Solar Energy Industries Association, June 30, 2025, seia.org/initiatives/land-use-solar-development/. Accessed April 2026.

4 Goldberg, Zachary. "Solar Energy Development on Farmland: Three Prevalent Perspectives of Conflict, Synergy, and Compromise in the United States." Energy Research & Social Science, Volume 101, July 2023, doi.org/10.1016/j.erss.2023.103145. Accessed May 2026.

5 Kolbeck-Urlacher, Heidi. "Policy Approaches for Dual Use and AgriSolar Practices." Center for Rural Affairs and AgriSolar Clearinghouse, April 2023, cfra.org/publications/policy-approaches-dual-use-and-agrisolar-practices. Accessed May 2026.

Current use taxation

Current use taxation programs are intended to incentivize landowners to keep their land in certain uses, such as agriculture. These programs reduce property tax burdens by allowing landowners to be taxed based on the land's current agricultural use rather than its assessed value for other uses. In areas experiencing rising property values, this can reduce the pressure on farmers. Given the critical role of agriculture and farmland in the national economy, all U.S. states have developed current use taxation programs.[6]

These can disappear, however, when a landowner chooses to lease their land for solar development. The change from farming activities to energy production may constitute a "land use conversion," disqualifying the land from enrollment in the program and in some cases resulting in financial penalties.[7]

In response, some states have adopted policies or programs that allow land used for solar energy development to retain its lower agricultural tax classification and avoid land conversion penalties, if certain conditions are met. These programs can support farm viability by enabling farmers to take advantage of additional income from clean energy development while continuing to maintain the land in agricultural production.[8]

Agrisolar and current use considerations

Without specific rules for solar development on farmland, states must interpret existing definitions to determine whether dual-use and agrisolar practices qualify as agricultural use.

For example, current use programs may have:[9]

- Strict definitions of the terms farm, farmer, farming, or agricultural use
- Strict acreage requirements
- Land income requirements

One step state and local governments can take to help facilitate dual-use at solar sites is to review land use definitions such as solar generation, farmland, and farm uses to ensure compatibility with desired dual-use practices.[10]

Policymakers should also define the applications and practices that will be considered dual-use. For instance, Oregon lawmakers adopted a rule allowing for dual-use practices on high-value soils. The rule specifies only agrivoltaics and grazing, ruling out pollinator habitats and conservation practices.[11]

Between 2021 and 2023, the U.S. Department of Agriculture (USDA) invested millions in agrivoltaics research to study how solar can be paired with crops and livestock, including projects in the Great Plains and Southwest. As of 2024, most of these agrivoltaics projects involve grasses or pollinator habitat and sheep grazing.[12]

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6 Phelps, Jess. "A Working Guide to Current Use Taxation for Agricultural Lands." Center for Agriculture and Food Systems at Vermont Law School, November 2021, vermontlaw.edu/sites/default/files/2021-11/Current-Use-Brief.pdf. Accessed April 2026.

7 "Farmland Solar Policy Design Toolkit: Current Use Taxation." Farm and Energy Initative, Vermont Law & Graduate School, farmandenergyinitiative.org/projects/farmland-solar-policy/policy-design-toolkit/current-use-taxation. Accessed April 2026.

8 Ibid.

9 Ibid.

10 Marieb, Dugan. "Dual-use Solar in the Pacific Northwest: A Way Forward." Renewable Northwest, 2019, renewablenw.org/sites/default/files/Reports-Fact%20Sheets/Dual-Use%20Solar%20Report_FINAL.pdf. Accessed April 2026.

11 Ibid.

12 Dohlman, Erik N., et al. "Trends, Insights, and Future Prospects for Production in Controlled Environment Agriculture and Agrivoltaics Systems." U.S. Department of Agriculture, Economic Research Service, 2024, doi.org/10.32747/2024.8254671.ers. Accessed May 2026.

Agrisolar current use taxation policy examples

Land use tax policies are most commonly enacted at the state level, although local governments also have the ability to create tax incentives.[13] Some examples of agrisolar current use taxation policies or programs include:

Rhode Island[14,15]

Rhode Island's Farm, Forest, and Open Space Act sets rules for farmland designation and taxation. Land withdrawn from the program is subject to a land use change tax, starting at 10% fair market value for each of the first six years and decreasing by 1% through the 10th year.

Enrolled farmland is exempt from this tax if no more than 20% of acreage is converted to renewable energy.

In 2017, the law was amended to allow exemptions for landowners converting more than 20% of acreage to renewable energy if dual-use practices are implemented.

The Rhode Island statute defines a "dual-use generation unit" as a raised generation unit that allows for agricultural production to continue on the land beneath the solar photovoltaic modules or wind turbine structure under normally acceptable practices.

To qualify for farmland to be taxed as Renewable on Farmland or Dual Use Generation, the following conditions must be met:

- The generation unit will not interfere with the continued use of the land beneath the unit or around the structure for agricultural purposes.
- The unit will be designed to optimize a balance between electricity generation and the agricultural productivity of the soils.
- The unit must allow for the continuous growth of crops underneath the system, with enough height for labor, machinery, and grazing animals.
- The unit must be in compliance with fire safety codes, and must include a vegetation management plan to be developed with local fire officials.
- A conservation plan that ensures continued viability of the farmland during and after the life of the energy project must be submitted.
- An annual report will be made to the Division of Agriculture on productivity. This includes identifying:
  - The dual-use being utilized (solar or wind)
  - Total acres of open farmland integrated with the project
  - Types of crops, including grazing crops
  - Pounds of crops to be grown, harvested, or grazed
  - Animals to be grazed and herd size

New Jersey[16,17]

In 2021, New Jersey passed the "Dual-Use Solar Law" to encourage keeping land in agricultural production at solar sites. The law created a pilot program allowing unpreserved farmland used for dual-use solar projects to qualify for a farmland assessment under certain conditions.

A dual-use solar energy project is a solar facility producing less than 10 megawatts (MW) of power while allowing the land beneath the panels to continue agricultural or horticultural production.

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13 Kolbeck-Urlacher, Heidi. "Policy Approaches for Dual Use and AgriSolar Practices." Center for Rural Affairs and AgriSolar Clearinghouse, April 2023, cfra.org/publications/policy-approaches-dual-use-and-agrisolar-practices. Accessed April 2026.

14 "Rules and Regulations for Enforcement of the Farm, Forest, and Open Space Act." Rhode Island Department of State, rules.sos.ri.gov/Regulations/Part/250-40-20-1. Accessed March 2026.

15 "A Citizen's Guide to the Rhode Island Farm, Forest, and Open Space Act." Rhode Island Department of Environmental Management, dem.ri.gov/programs/agriculture/documents/ffosa_citizens_guide.pdf. Accessed April 2026.

16 "Public Law 2021, Chapter 170." New Jersey Legislature, July 9, 2021, pub.njleg.gov/bills/2020/AL21/170_.PDF. Accessed April 2026.

17 Peretzman, Peter. "NJBPU Approves Agreement with Rutgers for Dual-Use Solar Pilot Program." State of New Jersey Board of Public Utilities, May 1, 2023, nj.gov/bpu/newsroom/2022/approved/20230501.html. Accessed April 2026.

New Jersey, continued

This law allows land with dual-use solar projects to receive a farmland assessment if specific conditions are met, including:

- Land must be unpreserved farmland that is continuing to operate as a farm in the tax year of valuation, assessment, and taxation.
- Land must have been valued, assessed, and taxed as agricultural or horticultural use in the year preceding construction and installation of the dual-use solar energy project.
- Land must continue to be devoted to agricultural and horticultural use and meet income requirements.
- A conservation plan must be filed with and approved by the soil conservation district.
- The project must be approved by the state department of agriculture.

In 2023, the New Jersey Board of Public Utilities approved an agreement with the Rutgers University Agrivoltaics Program to develop and implement a pilot program, per the 2021 law. This allows for the installation and operation of 200 MW of solar capacity over three years, with the option to expand it to 300 MW over five years. The program will then be evaluated, and have the opportunity for permanent adoption. Following two years of strategic planning and implementation, applications to participate in the pilot closed in February 2026, and awards will soon be announced.

Nevada[18,19]

Nevada's Assembly Bill 479 (AB479), enacted in June 2025, is bipartisan legislation that formally integrates agrivoltaics into the state's property tax code.

The bill explicitly defines agrivoltaics as a system where solar energy production and agricultural activities (such as crop or livestock farming) occur in an integrated manner designed to support agricultural productivity.

Land used for agrivoltaics now qualifies as agricultural use, allowing it to retain some of the same favorable property tax benefits as traditional farmland.

This bill sets valuation standards. Approved land is assessed at 35% of its agricultural value, and county assessors must consider the combined use rather than valuing the solar and agricultural components separately. It also includes a "double-dipping" restriction. Land is ineligible for this agricultural assessment if the solar installation already receives a separate tax abatement.

To qualify, the land must have been found to be agricultural real property and qualified for agricultural use assessment before July 1, 2025. Property owners must file an application for this assessment through their local county assessor or the Department of Taxation.

Key takeaways

- ✓ Current use taxation programs help reduce the tax burden for farmland owners.
- ✓ Land removed from these programs for solar development may face financial penalties.
- ✓ Programs can encourage dual-use and agrisolar practices by allowing land to remain in farmland assessment while producing solar energy.
- ✓ Dual-use tax incentives can help promote broader adoption and acceptance of solar projects.
- ✓ Agrisolar taxation programs can improve financial stability for farmers by providing new income streams, while keeping land in agricultural use.

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18 "Nevada—Property Tax: Agricultural Land Classification Expanded To Include Agrivoltaic Uses." Wolters Kluwer, VitalLaw, June 20, 2025, vitallaw.com/news/nevada-property-tax-agricultural-land-classification-expanded-to-include-agrivoltaic-uses/std01b65fac9380d84e028d5f435fed58b96e. Accessed March 2026.

19 "AB479 Overview." Nevada Legislature, Oct. 1, 2025, leg.state.nv.us/App/NELIS/REL/83rd2025/Bill/12736/Overview. Accessed March 2026.