



## Information for Owners of Maine Farmland on Solar Development

Updated May 2026

Starting in 2019, a number of policy changes opened the door for an increase in solar development across Maine, including on undeveloped agricultural land. Developers of larger-scale solar installations may approach farmers and/or farmland owners and offer payments for signing “option agreements” that give the developer the right to enter into a lease agreement with the landowner, and secure access to a farmer’s land.

Maine Farmland Trust (MFT) supports solar and renewable energy production on farms as long as it does not significantly diminish the potential for agriculture. On-site energy production can support farm viability and reduce energy costs, but larger-scale solar developments can result in a concerning loss of productive farmland for current and future generations. It is important that solar development in the state does not result in the loss of important soils, displace agricultural production, or impede farmers’ ability to access the land they need now and in the future. MFT believes it is important for farmers to have access to the information and resources they need to make informed decisions about their land.

Landowners should take the time to carefully examine the terms of any option agreement presented by a developer, the terms of any potential lease agreement, and the financial aspects of any proposed deal. **MFT strongly recommends that landowners consult an attorney familiar with solar development before entering into any agreement with a solar developer.** The following list of issues and considerations is a general resource for landowners considering leasing land for solar development, or evaluating option and lease agreements. *Please be aware that state regulation and guidance on solar issues can change. MFT will attempt to update this document regularly to reflect those developments, but it may not contain the most up-to-date information available.*

### ***Some General Considerations***

**Roads/Fencing and Agricultural Use:** Solar installations and any new roads or fencing may limit a landowner’s ability to use their land for agriculture. At the same time, fencing may facilitate solar grazing opportunities for vegetation management.

**Taxes:** Option and lease payments will result in taxable income for the landowner. Solar development on land taxed under Maine’s Farmland and Open Space Tax Law could lead to a withdrawal penalty.

**Mortgages:** Entering into a solar option or lease without a mortgage holder’s consent could cause the landowner to have to repay their loan immediately.

**Conservation Easements:** Solar development on land protected by a conservation easement or other non-development agreement might be prohibited. Solar development may also limit the ability of a landowner to sell a conservation easement on their farm.

**Local Approval:** Solar development may be subject to local land use requirements and need approval.

**State Permitting and Potential Mitigation Fees:** Legislation passed in 2023 established a state-level permitting process for solar installations over 5 acres on high-value agricultural land, as defined by the Department of Agriculture, Conservation and Forestry, and requires developers of solar energy projects of over 20 acres on high-value agricultural land to pay a compensation fee or pay for conservation efforts to mitigate adverse effects.<sup>1</sup>

---

<sup>1</sup> P.L. 2023, Ch. 448. Rules governing the different components of this mitigation law were adopted in the 2025 session of the 132<sup>nd</sup> Maine Legislature. For more information: [www.maine.gov/dacf/ard/solar/solar-hval.shtml](http://www.maine.gov/dacf/ard/solar/solar-hval.shtml).

*When evaluating offers by solar developers, landowners should remember that they can negotiate terms and payments, and explore whether there are other developers who would offer a better deal.*

### ***Option Agreements***

**What it is:** An option agreement gives the solar company the right, usually the exclusive right, to enter into a lease with the landowner. The landowner may be offered a one-time payment for entering into the option. The option might establish a lease rate that will only go into effect if the developer “exercises” the option and the parties enter into the lease. Developers will likely only exercise a small proportion of the options that they hold, so the landowner may never enter into a lease agreement with the developer. Option agreements will prevent a landowner from negotiating with other developers, and could make it more difficult to sell their land. Landowners may want to consider negotiating a shorter option period, or seek higher payment for a longer option.

**May contain lease terms:** The option agreement may contain lease terms that will go into effect automatically if the developer “exercises” the option. Such terms should be reviewed carefully.

### ***Items to consider when evaluating lease terms, or option agreements that may include lease terms:***

**Clarity:** Who is responsible for each part of the agreement? Don’t give developers open-ended rights to do things that are necessary for their project or that require the landowner to protect the developer’s interest. Spell out rights and obligations in detail.

**Panel Location:** Consider negotiating for a stipulation that requires landowner or farmer (if different) input on panel location to ensure optimal use of the remainder of the property for agricultural production (or of the land area within the boundaries of the solar infrastructure if employing agrivoltaics, see below).

**Agrovoltatics (or Dual-Use):** Consider negotiating for a mandatory clause for implementing or at the very least discussing agrivoltatics. At a minimum, this could look like solar grazing (most often with sheep) for vegetation management of a traditionally designed solar array. For integrating crop and other forms of livestock production underneath and between the panels, the solar array should be designed intentionally from the beginning with farmer input to be compatible with active agricultural uses.

**Dispute Resolution:** How will disputes be resolved and who will resolve them? Avoid arbitration, which is not transparent and can be expensive, and ensure that the lease is interpreted according to, and disputes settled under, Maine law.

**Liability, Insurance and Sub-Contractors:** Who is responsible for injury or damage relating to the solar installation? Require that the developer and all contractors are insured and that their insurance also covers the landowner. Factor the cost of any insurance that the landowner will need into the project’s finances. Ensure that the developer is responsible for disputes with sub-contractors, sub-lessees, and others.

**Taxes:** Who pays property taxes on the leased land? The lease should also say who will pay any penalty that could result from a change in use of land under Maine’s Farm and Open Space Tax Law.

**Security and Fencing:** Who is responsible for the security of the solar array? If the array will be fenced, will access by the landowner or farmer leasing the land (sufficient for farm equipment) be allowed?

**Best Management Practices:** Consider requiring that the developer employ all applicable best management practices and that the development does not negatively impact the farm’s use for agriculture (e.g. minimizing soil disturbance and compaction, ensuring during excavation that any valuable topsoil be kept separate from subsoil and returned to the top).

**Vegetation Management:** Consider negotiating for the right of first refusal for a vegetation management contract (this is the option to manage, or refuse to manage, the land underneath the solar array as a hired contractor, which may typically be offered to a traditional landscaping company but could instead be offered to a farmer and managed by solar grazing).

**Access and Property Rights:** Consider limiting the developer’s access to certain people at certain times, or requiring notice to the landowner. Avoid giving the developer an easement or “right of way,” which can be permanent and not easily terminated.

**Price Escalators:** Consider negotiating for price escalators to keep pace with inflation for the duration of the lease.

**Assignment:** Be sure that the lease spells out the requirements for any transfer of the lease to another party. The landowner should be able to make sure that the new leaseholder has the ability to meet the obligations under the lease, such as decommissioning.

**Term and Changes to Lease:** Be specific about the length of the lease term and any extensions. Require that the landowner agree to extensions and that any changes to the lease are in writing and signed by both parties. Specify when and how either party may end the agreement. Consider the ability to end the lease if the solar development is not generating energy for a certain period.

**Buy-out:** Is there a buy-out provision at the end of the lease term or at certain times during the term when the landowner can purchase the solar development? If so, make sure price, contracts, decommissioning responsibilities, etc., are clear and fair.

**Decommissioning:** Developers should be responsible for decommissioning the site by a certain date. Landowners should require money to be set aside for this purpose in an escrow account or through a decommissioning bond. In 2021 the state enacted a Solar Decommissioning Law requiring developers of solar installations occupying more than three acres to have an approved decommissioning plan and sufficient financial assurance to cover decommissioning costs.<sup>2</sup> Decommissioning should also require:

- Removal of non-utility owned equipment, fencing, structures, and foundations to a depth of at least three feet below grade, together with any roads (unless landowner requests they remain). The state’s decommissioning law requires physical removal to a depth of 48 inches for any portion of solar development components on farmland.
- Restoration of land to its original condition, replacing topsoil that has been removed or has eroded during the lease term, replanting cleared areas with native plants, and providing soil/water reports from an independent lab showing that the property is free of contaminants and is suitable for agricultural production.
- State law requires that in the case of a transfer of ownership of the solar development, the person transferring ownership remains responsible for implementation of the decommissioning plan until transfer of the plan to the new owner is approved.
- Financial assurances should be updated periodically to ensure they are sufficient to cover the costs of decommissioning. State law requires an update 15 years after approval of the decommissioning plan and at least every 5 years thereafter.

As stated above, **MFT strongly recommends that landowners consult with an attorney familiar with solar development before entering into any agreement with a solar developer.** An attorney can be found through the Maine Bar Association Referral Service at [www.mainebar.org/page/LawyerReferralService](http://www.mainebar.org/page/LawyerReferralService) or by emailing [LRS@mainebar.org](mailto:LRS@mainebar.org). Legal assistance for qualifying landowners may be available through the Conservation Law Foundation’s Legal Food Hub, which can be found at [www.legalfoodhub.com](http://www.legalfoodhub.com) or by calling (844) 529-4769 Ext. 2.

---

<sup>2</sup> LD 802, *An Act To Ensure Decommissioning of Solar Energy Developments*. The law applies to projects that began construction on or after October 1, 2021, as well as to projects that undergo an ownership transfer after October 1, 2021. For more information: [www.maine.gov/dep/land/solar-decommissioning/index.html](http://www.maine.gov/dep/land/solar-decommissioning/index.html).