

Testimony on HB 464, Wind/Solar Energy Facilities

Before the House Ways and Means Committee
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League of Women Voters of Ohio
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Because the League of Women Voters of Ohio has wide interests, we examine each piece of legislation from multiple angles. My discussion of HB464 reflects our support of education funding and of alternative energy.

HB464 proposes a partial tax abatement for renewable energy facilities. The loss of school property taxes from typical abatements, such as for office buildings, can be offset by income taxes generated by the employees in that building. Renewable energy facilities apparently do not provide sufficient city income tax revenue to make up for the lost property taxes. It is also possible that the abatements resulting from HB464 would be used to erode the concept of making the schools whole.

But renewable energy has a unique feature. Testimony to this Committee from White County, Indiana, showed that it is possible for schools to reap benefits from having a wind and/or solar facility nearby. They use their facility as a laboratory for vocational education students. The facility is also used to provide education in such various subjects as physics, data entry and analysis, and cost accounting.

Turning to the alternative energy impact of HB464, the data provided to the Senate Energy and Public Utilities Committee by the American Wind Energy Association (AWEA) shows that the full tax burden would result in an incremental cost of about 1.5 cents per kWh. Recognizing that electricity costs in Ohio are about ten cents per kWh, the current property tax makes a significant contribution to the total and makes construction of a wind facility less economically viable.

We believe that both arguments have merit. Because of the potential educational benefits of renewable energy, some reduction in the estimated \$40,000 unabated property tax seems reasonable. Meanwhile the state-by-state comparison provided by AWEA suggests that the tax level in HB464 is somewhat generous and could be raised without doing serious damage to Ohio's competitive position. We urge the Committee to amend HB464 by choosing an abatement level that will result in less of a reduction in school property taxes while preserving the ability to encourage construction of wind facilities.

I will be happy to answer any questions

The League of Women Voters of Ohio, a nonpartisan political organization, encourages informed and active participation in government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy.

