

In Wyoming, Debate Swirls on Taxing Wind Industry

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With currents of powerful wind gusts whipping across its plains and plateaus, Wyoming has become a new frontier for the wind industry — the latest energy development for a state that only recently experienced a natural gas boom.



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Turbines in Wyoming, where a bill under consideration in the Legislature would levy an excise tax on wind energy production.

But in a place that is both cautious about such growth and interested in the potential benefits, some believe that those behind the wave of [wind farms](#) and turbines need to pay their fair share.

A new bill being pushed by Gov. Dave Freudenthal would change the state's renewable energy landscape by levying an excise tax on wind energy production, the first tax of its kind in the United States, energy experts say.

The proposal, which was approved by the Wyoming House of Representatives on Thursday and is headed to the State Senate for a vote, would impose a \$1-per-megawatt-hour tax on wind energy production. Revenue from the tax is projected at a minimum of \$4 million annually, to be divided between the counties where the wind projects are located and the state. The tax would go into effect in 2012.

"We want to make sure that wind developers pay their way in Wyoming and that the tax burden isn't shifted to the taxpayers," said Ryan Lance, deputy chief of staff for Mr. Freudenthal, a Democrat. "These guys are making a lot of money, and we get all the impact — environmental and socioeconomic."

But wind energy industry leaders in Wyoming worry that the tax will scare off developers at a critical time in the industry's genesis, particularly when other states are taking the opposite tack and creating incentives to lure wind projects and jobs.

“We’re very much against this,” said Cheryl Riley, executive director of the Wyoming Power Producers Coalition, a group of 15 wind and transmission developers. “We think this sends a negative message that Wyoming may not want wind development.”

“I think there’s great potential for wind energy development here, but until some of these issues, specifically that of taxation, are worked out, Wyoming won’t see its full potential reached,” Ms. Riley said.

Wyoming is the eighth-windiest state in the country — Texas is the windiest — and gusts here are renowned for their strength and duration. According to the American Wind Energy Association, or AWEA, Wyoming ranks 12th nationally in wind power installations, and the electricity it generated from wind projects in 2009 was nearly double that of the previous year.

But with the recent sunset of a sales tax exemption for the industry and no property tax exemptions, the excise tax could cripple Wyoming’s competitiveness for wind energy projects, Ms. Riley said.

“Putting a tax on the air really makes Wyoming an unfriendly state for wind energy,” said Denise Bode, chief executive for AWEA. “We urge them to take some time to work with the industry to try and address any concerns. Being No. 1 in something is not necessarily the best way to go, particularly when it comes to increasing taxes in a promising new industry.”

But State Senator Jim Anderson, a Republican from Converse and Platte Counties who was chairman of a state legislative task force on wind energy, said the tax could be imposed at a low level and could always be adjusted later.

“We recognize that Wyoming has some of the best wind in the world,” said Mr. Anderson, who supports the legislation. “We feel in comparison with the way we’ve taxed the petroleum and extractive industries, the wind industry needs to pay its fair share.”

Other supporters have said the tax offers a rare opportunity to diversify Wyoming’s tax base. Mr. Lance, of Mr. Freudenthal’s office, said the governor was particularly swayed by constituents who spoke of the potential impacts of wind development on the state’s economy.

“You have the governor going to [Home Depot](#) and people coming up to him saying: ‘You’re darn right you better tax those guys. They need to pay their own way,’ ” Mr. Lance said.