# Wind developers fear new taxes

DUSTIN BLEIZEFFER Casper Star-Tribune | Posted: Monday, October 12, 2009 11:10 pm

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Turbines in Chevron Global Power Co.'s wind farm, which is still under construction, dot the horizon near Evansville, Wyo. Wind developers are already protesting draft legislation that could tax the generation of wind energy in the state.

CASPER - Wind developers are bracing against draft legislation that would impose a tax on the generation of wind energy in the state, claiming that Wyoming is already among the most expensive places to generate wind energy.

"Wyoming is already very high in terms of property tax and sales tax," said Cheryl Riley, executive director of the industry trade association Wyoming Power Producers Coalition.

Rather than creating a tax specifically on wind energy, lawmakers are considering a tax on all electrical generation, then providing tax credits or exemptions to all other forms of generation but wind. The purpose for this strategy is to fit within the state's constitution, which prohibits singling out a particular industry for exclusive taxation.

Sen. John Schiffer, R-Kaycee, is chairman of the Senate Revenue Committee. He testified Monday before the state Wind Energy Task Force regarding the draft legislation.

**Traditional power**

Schiffer explained that traditional power producers in the state - coal-fired and natural-gas-fired utilities - typically pay for a fuel that generates revenue to the state through a severance tax. Those power producers also serve Wyoming's electricity-heavy oil, natural-gas and coal extraction industries.

"Those industries are big consumers of electricity in the state," Schiffer said.

"We need to keep those industries of the state as competitive as possible. That's why that exemption is in there."

The Wind Energy Task Force chose not to take a formal position on the draft legislation. However, leaders said the group will make recommendations supporting the goal of a taxation plan that does not impede wind energy development but does generate a sustainable stream of revenue to counties hosting wind development.

Schiffer said the tax would be applied on a per-kilowatt-hour basis, roughly amounting to a 5 percent tax on sales as electricity leaves the generation facility. That compares to Wyoming's 6 percent severance tax on oil and gas and 7 percent severance on coal.

Even under a full build-out of current wind energy proposals in the state, the tax probably would generate less than $50 million in state revenue annually, Schiffer said.

Other key components of the bill would direct portions of the revenue to counties hosting wind energy on a per-turbine basis and to the Wyoming Wildlife and Natural Resource Trust.

A representative of Rocky Mountain Power - the state's largest regulated utility - said the company would support exemptions for traditional power generation under the draft legislation.

However, implementing the tax may be difficult. For example, Rocky Mountain Power often aggregates the cost of its fuel costs over its six-state operating region.

Also, the Rocky Mountain Power representative said that no other state in the utility's six-state operating region has such a thing as a tax on electrical generation. If Wyoming passes such a law, it may spur other states to follow suit.

Riley said she was encouraged to hear Schiffer say Wyoming should encourage the development of wind energy in the state.

That's not the signal wind developers received in a recent push to cut short a sales tax exemption for equipment purchased for commercial-scale renewable energy projects in Wyoming.

**Date set**

At the beginning of the Wind Energy Task Force's meeting on Monday, state officials clarified that current legal language regarding that tax incentive to projects that meet specific permitting requirements by Dec. 31, 2011. Schiffer, who does not serve on the task force, said lawmakers thought the tax credit would end a year earlier, but they probably will stick with the Dec. 31, 2011, sunset date.

Riley said the best tax structure for wind energy would be for Wyoming to provide incentives that lower the cost of constructing wind energy facilities - sales tax credits, for example - then apply some type of generation or property tax regime that generates a steady stream of revenue to counties over the long term.

"Our whole premise right now is we have time because of transmission," Riley said, noting that major new electrical transmission expansions to enable new wind energy are five years out.

"Let's take the time to set up some kind of structure that works for wind that worked for Wyoming coal. That's our premise. There's no need to rush into anything right now."

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