

House Committee on Taxation

Testimony in Opposition to HB 2401

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Chairman Kleeb and members of the committee: Thank you for the opportunity to express NextEra Energy Resources' (NEER) opposition to HB 2401 which would add an excise tax to ethanol and electricity generated from renewable resources.

NEER built the first wind farm in Kansas in Gray County which became operational in 2001. NEER has since added two additional wind farms also in Gray County with a total production of 376.6 MW. We are working on a new development in Ness and Trego counties. We employ eighteen (18) people across these three wind farms for a total annual payroll exceeding \$2MM. NEER has invested over \$635MM since 2001, paid more than \$2.4MM in annual landowner payments and over \$900,000/year in donation agreements to Gray County.

As one might guess, when a business or industry is asked whether or not they would like to have new taxes imposed on their product, the answer is an obvious 'no.' However, there is more to this issue than the obvious 'no.'

The wind industry is unique in the pricing of their electric commodity which is sold via Power Purchase Agreements (PPA). These contractual agreements entered into between utilities and wind companies, and approved by the Kansas Corporation Commission (KCC), are written for twenty years or more. These contracts set the price of the power for the length of the contract. Adding an excise tax at this point impacts these contractual agreements, some of which have been in place for over a decade.

Another unique thing about the wind industry are the Payment In Lieu of Taxes (PILOT) payments made to local counties. These are donation payments made in place of property taxes. No other energy sector business makes such donation payments to their local government.

Adding a new tax to a business that has been investing in Kansas for nearly fifteen (15) years is not good business and certainly doesn't present the kind of certainty that helps businesses thrive. Simply put, we relied on a tax policy/structure to invest and built a business that has proven to be good for the state of Kansas as well as NEER and now the business/tax policy environment is threatened with a significant change. This type of change makes Kansas less attractive for future investment.