



Cromwell
SOLAR

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I am Aron Cromwell, an engineer, solar installer and the CEO of Cromwell Solar, the largest solar energy firm in Kansas. I am opposed to HB 2396, a Bill replacing a permanent property tax exemption for renewable energy technologies with a ten year property tax exemption.

As rooftop solar photovoltaic (PV) systems are concerned limiting the tax exemption to ten years would have a small, but negative impact. The Federal depreciation schedule allows these systems to be fully depreciated in the first five years, when installed on commercial properties. So while these arrays have a useful lifetime of 20-30 years, it's likely that by year ten the value would be assessed at something small enough to have a negligible impact when the mill levy is factored.

Despite this possibility, determining the value of these arrays at year ten would be difficult and a burden to someone – local authorities, the state, or the homeowner. The cost of valuing these systems and administering this new tax will be higher than any revenue the state would realize.

At the same time, removing this exemption and applying it retroactively, as the language of this bill implies, to systems built since Jan. 1, 2015 will be problematic to the more than 25 customers for whom we've installed solar arrays since January 1. Small business and home-owners spend their own money to have solar PV installed, factoring in the current tax and economic rules of the day. Changing the tax rules retroactively would place an unfair burden on the project and certainly an unanticipated cost and bureaucracy.

The Kansas solar industry is small but growing. Throughout the state we are training and employing new installers, designers and office staff and using sub-contractors. We talk a lot about how job creation in our state, and everyone agrees it is our top priority and worthy of conducive state policies. This tax change would stifle job growth by creating uncertainty and confusion to prospective buyers of solar system and would add no appreciative revenue to the state coffers.

I appreciate your service to my State and your time in the consideration of all sides of this issue. If I may answer any questions or clarify any point please do not hesitate to ask at whatever time would be most appropriate. Always feel free to contact me at the office at 785-749-6020 or via email at ACromwell@CromwellEnv.com.

Sincerely,

Aron Cromwell, CEO Cromwell Solar
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