

House Taxation, March 19, 2015
In Opposition to HB 2396
Written Testimony

Chairman and members of the committee,
I am Zack Pistora on behalf of Kansans for Clean Energy, a coalition of **agricultural, energy, environmental and faith-based** groups across the state. On behalf of the advocate community, I appreciate the opportunity to speak in opposition of House Bill 2396.

As currently written, it appears that HB 2396's change to a 10 year property tax exemption would not only affect new wind farms announced after 2015 but also the seven wind farms currently under construction or with Power Purchase Agreements (PPAs) in Kansas.

Currently, payments in lieu of taxes (sometimes referred to as PILOT) are made to 20 rural counties hosting wind farms totaling over \$10 million annually. With the additional wind farms under construction or with PPAs, seven additional counties will be receiving donation agreements and community contributions that will go straight to the counties' budgets to help pay for basic, local needs such as public safety and new roads.

Altering the property tax exemption policy would put these donation agreements and PILOT payments in jeopardy. If a bill like this passes, wind developers would likely reconfigure contracts with counties hosting wind farms and they could lose this additional funding stream.

Counties have been competing to host wind farms in their area, because they understand the economic benefits of wind energy.

We understand there may be concerns that the renewable industry is not on equal footing with other sources of generation. It is important to note that the unaccounted externalities of fossil fuel dependency, such as the costs of pollution, water consumption, national security risks, and detriment to public health, carry an unequal social burden between energy resources, thus equal economic treatment does not inherently guarantee social equity. On those grounds, we urge you to embrace the advantages of clean energy and ask you to oppose HB 2396 outright. However, if you feel compelled to treat renewable energy in the same way as other forms of energy in respect to property taxes, we ask you to consider this bill's impact to counties and their PILOT agreements under contract. In order to protect those counties from the devastating financial losses, we urge this committee to consider grandfathering the seven currently under construction or signed PPAs. If a change is made, please assure that HB 2396 it is not damaging to these seven rural counties.