



Indiana Association of County Commissioners 2019 Annual Conference

Wind/Solar Projects – Maximizing the Opportunities/Minimizing the Risks from New Energy Projects In Your County

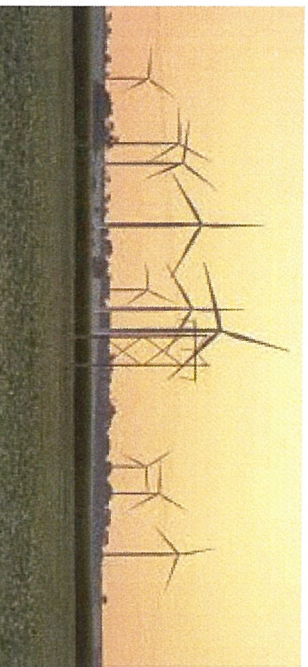
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Wind/Solar Projects –

Maximizing the Opportunities/Minimizing the Risks from New Energy Projects In Your County

- Wind and solar farm developments are economic development projects with unique financial considerations
- For private land owners, lease terms and liability protection important
- For public entities, many aspects to consider





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Financial considerations for public entities

- Scope of project in terms of acreage, investment, phases, etc.
- Tax abatement considerations
 - Impact on tax base
 - Impact on tax rate
- Infrastructure protection
- Economic Development Agreement
- Decommissioning Plan



Wind/Solar Projects –

Maximizing the Opportunities/Minimizing the Risks from New Energy Projects In Your County

- Working Group configuration and communication
 - Representatives of Commissioners and Council
 - County attorney and special counsel
 - Financial advisor
 - Economic development corporation/LEDO
 - Highway superintendent
 - Building Commissioner



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- Tax abatement, tax base and tax rate implications are unique in wind and solar farm developments
- Investment primarily considered to be personal property
 - need to work closely with company representatives and DLGF for appropriate treatment
- Tax abatement seems to be standard consideration nation-wide although not associated with large employment numbers
- Main reason to consider abatement is large increase in tax base



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- After adoption of HEA 1001 (2008) and expansion of property tax caps, growing tax base is extremely important
 - Decreases net tax rates
 - Provides additional revenue to rate-controlled funds of government units
 - Can reduce circuit breaker revenue losses to governmental units
- If abatement is considered, need to build protection into the economic development agreement against future changes in tax treatment



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–Infrastructure Protection

- Wind farm development will require extensive use of county road/bridge infrastructure to construct
- Road Use Agreement will be critical to protect county infrastructure, liability, traffic flow during construction, etc.
- Key components of Road Use Agreement include
 - Detailed map of roads/bridges/intersections, etc. to be used for construction, O&M, decommissioning (Designated Roads)
 - Process to determine existing conditions (Road Condition Report)
 - Identify county-regulated drains that may be affected



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- Infrastructure Protection (cont'd)
 - Key components of Road Use Agreement (cont'd)
 - Allowed usage and uses of designated roads by developer
 - Required improvements of designated roads by developer
 - Safety requirements
 - Dust control
 - Process to identify needed repairs on Designated Roads and cost responsibility
 - Performance assurances
 - Critical to ensure sufficient coverage for sufficient time frame



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–Economic Development Agreement

- Main concept is that Wind Farm may take significant acreage and therefore reduce or eliminate opportunities for other economic development to occur within project area
- County should be compensated for this to generate funds to promote/encourage/create other types of economic development in other areas of the County



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- Key Components of Economic Development Agreement
 - Timing of project implementation
 - Detail of incentives to developer
 - Use/repair/modification to County infrastructure
 - Tax abatement, if any, for consideration of Road Use Agreement
 - Other reasonable assistance to be provided by County
 - Payments by developer in consideration of possible elimination/restriction of other economic development opportunities in project area (Economic Development Payments)
 - Allowance for payment in lieu of taxes (PILOT) in event of change in laws that would exempt investment
- Require minimum assessed value in event project is sold



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–Economic Development Payment Considerations

- Is there a nexus to required cost to promote economic development in other parts of the County
- May come down to comparable amount per MW – plus other considerations
- Negotiate not only amount, but timing of payments. Need to have specifics
- Not to be considered PILOTs or any type of “property tax” treat as miscellaneous revenue or for specific use
- Can be allocated to other taxing units via agreement



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–Decommissioning Plan

- Need to have Decommissioning Plan in place prior to construction to protect County and constituents
- Plan needs to cover
 - Provisions/details for removal of towers, footings, access roads, etc. to as near same condition as practicable
 - Planned use of County roads/infrastructure to carry out the Plan
 - Financial assurances and plan to review Plan/financial assurances periodically



Wind/Solar Projects – Maximizing the Opportunities/Minimizing the Risks from New Energy Projects In Your County

–Summary

- Every project is unique
- Protect County infrastructure – both now and in the future
- Creative economic development agreements to create “win-win” scenarios
- Takes great amount of communicating internally and with public



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