



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 190 of the 131st G.A.

Date: November 17, 2015

Status: As Introduced

Sponsor: Reps. Burkley and Brown

Local Impact Statement Procedure Required: Yes

Contents: Permits counties to adopt resolutions establishing an alternative setback for wind farms and to extend by five years the deadlines for obtaining the qualified energy tax exemption

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- Under the bill, boards of county commissioners may adopt by resolution an alternative setback requirement for wind farms. As a consequence, counties opting to do so may incur a minimal administrative cost to come up with requirements and adopt such a resolution.
- Extending the qualified energy project tax exemption deadline allows qualified energy projects placed into service between 2017 and 2021 to remit a payment in lieu of taxes (PILOT) for an amount equivalent to approximately 20% of the tax liability. The revenue loss is permissive for counties, whereas school districts, municipalities, and townships must abide by their respective county's approval of the PILOT.
- The revenue loss is dependent on the number of qualified energy project exemptions for energy facilities using clean coal technology, advanced nuclear technology, or cogeneration technology that gain the proper certification and are placed into service in the five-year window specified by H.B. 190.

Detailed Fiscal Analysis

Overview

The bill permits a board of county commissioners to adopt by resolution an alternative setback requirement for a wind farm under which a turbine must be 1,125 feet in horizontal distance from the tip of the turbine's nearest blade at 90 degrees to the exterior of the nearest, habitable, residential structure on adjacent property. The bill allows the county board to consult with the Power Siting Board before adopting the resolution. This may result in some additional administrative costs for counties that choose to come up with these requirements and adopt a resolution. The primary fiscal effect of the bill, however, concerns the provision extending by five years the deadlines by which the owner or lessee of a qualified energy project must meet certain requirements to qualify for an ongoing real and tangible personal property tax exemption. Details concerning the fiscal effect of the qualified energy property tax exemption are discussed below.

Qualified energy project tax exemption

H.B. 190 amends the Revised Code section governing the property tax exemption for qualified energy projects. After this bill was introduced, the biennial operating budget (Am. Sub. H.B. 64 of the 131st General Assembly) amended this Revised Code section to incorporate most of the H.B. 190 revisions into this property tax exemption, effective January 1, 2016. The budget bill extended the deadline for when an energy facility using renewable energy resources must be placed into service. By extending this deadline, project owners (or lessees) placing projects into service in 2017 through 2021 can remit a payment in lieu of taxes (PILOT) for an amount equivalent to approximately 20% of the tax liability.

The budget bill provision applied to energy facilities using renewable energy resources, but it did not include energy facilities using advanced energy resources (i.e., clean coal technology, advanced nuclear technology, or cogeneration technology). Therefore, enacting H.B. 190 would affect only the property tax treatment of energy facilities using these enumerated energy resources. The bill would extend the application deadline for the proper certification from the Director of Development Services from December 31, 2017 to December 31, 2022. The certification is necessary to gain the property tax exemption for the energy facility. H.B. 190 also extends the deadline for when these advanced energy facilities must be placed into service, from January 1, 2021 to January 1, 2026.

The revenue loss for the qualified energy projects affected by H.B. 190 is permissive for counties, whereas school districts, municipalities, and townships must abide by their respective county's approval of the PILOT. The revenue loss is dependent on the number of qualified energy project exemptions for energy facilities using clean

coal technology, advanced nuclear technology, or cogeneration technology that gain the proper certification and are placed into service during the five-year window specified by H.B. 190.

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