

Tax gains from turbines discussed

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BAD AXE — The area will see more than \$11.3 million in property taxes from the area's two wind parks over the next 15 years, according to a study of the economic impact of wind turbines HuronCounty officials presented earlier this week.

Of that, more than \$1 million will be paid in 2009, the study found, said Huron County Equalization Director Walt Schlichting during Tuesday's Huron County Board of Commissioners meeting.

The study presented Tuesday includes a breakdown of how much townships, the county, local school districts and library will receive from 2009 through 2024.

Explaining how property tax revenue is collected, Schlichting said both wind farms are classified as industrial personal property because each project previously has received an industrial facility tax (IFT) abatement, which puts them on a special tax roll that includes a 50 percent reduction in real and personal property taxes over a specific period of time, not to exceed 12 years.

While school operating taxes and state education taxes are not collected on an industrial personal property, school sinking fund and debt millages, as well as library millages are, Schlichting said.

He said after 12 years have passed, the property has to pay 100 percent of taxes.

Because of the nature of the property, the wind parks will lose value over time, Schlichting said. As a result, the amount of taxes paid will decrease from one year to the next. That decline in the amount of property taxes paid will continue until 2022, the year the IFT expires and the project loses that 50 percent break on taxes.

For example, HuronCounty is expected to receive \$390,486 in property revenue from the two parks in 2009. In 2010, the county is expected to get \$370,962. The total property taxes the county will receive in following years will continue to decrease through 2021, when the total amount that's expected to be collected is \$156,194. Then the following year, when the IFT expires, the total amount of property taxes will increase to approximately \$273,340.

Schlichting said an IFT is granted at the request of a developer. The request is made to a local township or government entity. If the township wishes to grant an IFT, the township board has to create an industrial facilities district. At that time, the developer applies for a tax abatement that is approved by the township and then by the state, Schlichting said.

Carl Osentoski, Huron County Economic Development Corporation executive director, said an IFT is an incentive local government can offer to attract business development. He said IFTs are used by developers when a forming a business plan.

A 50-percent break

When asked if after 12 years the developers can ask for another IFT, Schlichting said it's possible — providing the developer is adding new equipment or additional structures. If there is no additional investment made, an IFT can't be granted.

He said an IFT is transferable, For example, if a project is sold six years after an abatement has been granted, the new owner would get the 50-percent tax break for the six remaining years.

Huron County Building and Zoning Director Russ Lundberg said many communities establish policies for considering IFTs that make the number of years an abatement is granted based on the number of jobs the project creates.

He said a key detail to look at is whether a project is an industrial development project, which involves large-scale job creation, or just an industrial development investment.

Lundberg noted, however, property owners who have wind turbines on their property could be viewed as employees because they do receive economic benefits from the development. That's not to say the benefits received by participating landowners is equal to employees receiving full-time wages and benefits, he added.

Local profit sharing

The study states there are a total of 85 participating landowners who, combined, are estimated to have received more than \$200,000 in sign-up payments, the study estimates.

Because developers are not required to disclose the details of land easements and compensation to landowners, officials used other studies and information that indicates participating landowners receive quarterly payments in the range of \$3,000 to \$4,000 for each turbine that's on their property.

The study reports additional economic impact from the two parks came in the form of construction jobs. The study states local companies that received work from the project's construction included Rooney Contracting, Bucholz Transport and Don Plester Tiling. Information regarding wages or how many employees were used by those companies during that time was unavailable and was not included in the study. Estimates from the wind company state construction was active for one year and created 100 full-time jobs during that time period.

Presenters at Tuesday meeting reported more than \$350,000 was received by local survey companies and \$75,000 from title companies.

The report states construction costs were approximately \$30 million.

In reference to ongoing jobs created by the project in Ubyly, Osentoski said that project is under warranty by the turbine manufacturer, GE. Because it's under warranty, the employees currently at the park are GE employees that aren't from the local area. After the warranty expires in 18 months, however, there is a possibility the project's owner, John Deere Wind Energy, will hire individuals from the local area.

At the Harvest Wind Farm in Pigeon, there are a total of seven full-time employees, all of whom are from the Thumb area, Osentoski said.

Permitting revenue

Regarding other revenue from wind turbine activity, Lundberg said the county, over the course of the last five years, has received more than \$256,400 in additional revenue from wind turbine activity. That total includes building and zoning revenue, he said.

Building revenue from the two projects totaled \$117,723, Lundberg said. That revenue stays in the building fund, per law.

He said the county received \$138,745 in zoning revenue, which goes to the general fund.

Additional fees were generated in Oliver Township, however the amount generated there was unavailable and not included in the report presented Tuesday, Lundberg said.

Commissioner Chairman Ron Wruble said the study was started in March and involved input from numerous departments that helped compile a portrayal of the revenue picture county officials can reference in future decision making.

"It's a huge tool for us to use in the future," he said.

Osentoski said the report constantly will be tweaked as new information is made available.

Wruble said the study also could be expanded in the future to address what, if any, effects the wind projects have on area property values.

"We're not going to leave any stone uncovered," he said in regard to exploring other ways the area is economically impacted by wind developments.

Regarding the possibility of property value decreases, Lundberg noted the wind zone overlay district has been created in an effort to preserve agricultural land. The overlay district is intended to include the areas in the county that are best for farming and discourages additional non-farm development in that area to preserve farm land.

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