

# FACT SHEET: NEBRASKA NAMEPLATE CAPACITY TAX



Renewable energy has provided several benefits for rural communities and counties across Nebraska. In addition to producing clean, low-cost renewable energy, these projects create new employment opportunities during the construction and operation periods. Additionally, renewable generation has provided new sources of income in the form of land-lease payments to farm and ranch families that host systems.

One of the furthest reaching benefits of renewable energy development for many rural communities, however, is the new tax revenue generated by nearby renewables. This revenue can support essential services and infrastructure in rural counties, including local schools, roads, and emergency services.

While taxes are levied on real property associated with renewable energy systems, much of the revenue generated from these projects stems from the state's nameplate capacity tax.<sup>1</sup>

## ABOUT THE TAX

- ▶ The nameplate capacity tax replaces personal property taxes on renewable energy systems, and the intent of the tax is to reduce budgeting challenges for local officials and developers due to the short-term depreciation in property value for these facilities.<sup>2</sup>

Rather than estimate the depreciation of personal property associated with renewable energy systems, the nameplate capacity tax provides a set assessed value for projects based on total generating capacity. This allows for simple and accurate cost and revenue projection for developers and local governments, respectively, for the life of a generator.





## ABOUT THE TAX, CONTINUED

- The nameplate capacity tax is equal to \$3,518 per megawatt (MW) for the total nameplate capacity of renewable energy facilities.<sup>3</sup>

For example, a 100 MW wind farm would generate \$351,800 in annual tax revenue for a county.

- Qualifying renewable energy facilities include those that generate energy from wind, as well as those that use biomass, landfill gas, or solar to generate electricity that were installed on or after Jan. 1, 2016, with a nameplate capacity of 100 kilowatts (KW) or higher.<sup>4</sup>
- Facilities owned by the federal or state government, public power districts, electric cooperatives, municipalities, or customer-generators are not subject to the nameplate capacity tax or property taxes.<sup>5</sup>
- The tax is collected on an annual basis, beginning in the first calendar year that a facility is put into operation, prorated for the number of remaining days in that year.<sup>6</sup>

- Owners of renewable energy facilities file with the Nebraska Department of Revenue, which will then send within 30 days of receipt all proceeds from the nameplate capacity tax to the county treasurer where a qualifying renewable facility is located.<sup>7</sup>
- If a facility spans more than one county, revenue from the nameplate capacity tax is apportioned based on the total capacity of the portion of a facility based in each county.
- Once they have received funds from the Department of Revenue, county treasurers are responsible for the distribution of funds to local taxing entities.<sup>8</sup>
- According to the Nebraska Department of Revenue, there were nearly 2,040 MW of renewable energy facilities in operation across Nebraska in 2019. Although about 70 MW worth of this generation makes up facilities exempt from the nameplate capacity tax, qualifying facilities still generated \$6,928,791.80, primarily from wind and solar facilities.<sup>9</sup>

## Footnotes

1 "Directive 16-1, Assessment of Renewable Energy Generation Facilities." Nebraska Department of Revenue, May 25, 2016, [revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/pad/legal/dir16-01\\_Renewable\\_Energy\\_Generation\\_Facilities.pdf](https://revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/pad/legal/dir16-01_Renewable_Energy_Generation_Facilities.pdf). Accessed September 2020.

2 "Nebraska Revised Statute 77-6201." Nebraska Legislature, [nebraskalegislature.gov/laws/statutes.php?statute=77-6201](https://nebraskalegislature.gov/laws/statutes.php?statute=77-6201). Accessed September 2020.

3 "Nebraska Revised Statute 77-6203." Nebraska Legislature, [nebraskalegislature.gov/laws/statutes.php?statute=77-6203](https://nebraskalegislature.gov/laws/statutes.php?statute=77-6203). Accessed September 2020.

4 "Nebraska Revised Statute 77-6202." Nebraska Legislature, [nebraskalegislature.gov/laws/statutes.php?statute=77-6202](https://nebraskalegislature.gov/laws/statutes.php?statute=77-6202). Accessed September 2020.

5 "Nebraska Revised Statute 77-6203." Nebraska Legislature, [nebraskalegislature.gov/laws/statutes.php?statute=77-6203](https://nebraskalegislature.gov/laws/statutes.php?statute=77-6203). Accessed September 2020.

6 Ibid.

7 Ibid.

8 "Nebraska Revised Statute 77-6204." Nebraska Legislature, [nebraskalegislature.gov/laws/statutes.php?statute=77-6204](https://nebraskalegislature.gov/laws/statutes.php?statute=77-6204). Accessed September 2020.

9 "Renewable Energy Generation Facilities Operating in Nebraska." Nebraska Department of Revenue, June 9, 2020. [revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/pad/nameplate/2019\\_renewable\\_energy\\_facilities.xlsx](https://revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/pad/nameplate/2019_renewable_energy_facilities.xlsx). Accessed September 2020.

