

# FACT SHEET:

# NEBRASKA WIND ENERGY TAX REVENUE

Wind farm development brings numerous economic benefits to the counties and local communities where they're located. Among the perks are direct payments to landowners who host turbines, and employment opportunities in the area during the construction and operation of a project. In some cases, operators may also provide payments to neighbors who are near development but do not host turbines, and some wind farms are developed by associations that distribute payments to members. In addition, projects provide new tax revenue streams to rural communities, which help pay for local schools, roads, and police and fire services. This fact sheet provides a breakdown of taxes that are typically paid by developers and operators of wind energy projects.



## LOCAL TAXES IN RELATION TO WIND ENERGY

### Nameplate capacity tax

According to the Nebraska Energy Office, 786 utility scale wind turbines with a total capacity of 1,414.72 megawatts are in operation in the state. Local tax revenue from these facilities is primarily collected in the form of the nameplate capacity tax and real property tax.<sup>1</sup>

- The nameplate capacity tax is equal to \$3,518 per megawatt for the total nameplate capacity of a wind energy facility.
- Nebraska's nameplate capacity tax is assessed on wind energy generation facilities that are not owned by the federal or state government, public power districts, municipalities, electric cooperatives, or customer-generators.
- The tax is collected annually beginning in the first calendar year of operation.
- The facility owner files with the Nebraska Department of Revenue, and the department then pays the proceeds from the nameplate capacity tax to the county treasurer of the county where facilities are located.
- In the case of a facility spanning more than one county, the revenue from the nameplate capacity tax is apportioned based on the total capacity of a facility based in each county.
- In 2017, the nameplate capacity tax<sup>2</sup> generated \$3,065,623 in revenue for Nebraska counties, with \$1,862,959 of that revenue going to local schools.<sup>3</sup>

1 The Nebraska Legislature passed LB 1048 in 2010, which exempted wind energy generation systems from property taxes, replacing them with a nameplate capacity tax. LB 360, passed in 2011, modified this legislation to allow a county assessor to evaluate real property and land that is used by a wind energy facility.

2 "Nameplate capacity tax summary 2011-2017." Nebraska Department of Revenue: Policy Division, Research Section, December 2017, [revenue.nebraska.gov/nameplate\\_capacity/nameplate.html](http://revenue.nebraska.gov/nameplate_capacity/nameplate.html)

3 "Total School General Fund Revenues FY86-87 to FY16-17 – By Major Category and Detail." Nebraska Legislative Fiscal Office, July 2018.



## Real property tax

- While the nameplate capacity tax takes the place of personal property taxes, project developers and owners also pay real property tax for operations buildings, access roads, and the foundations for turbines. Wind energy project operators pay taxes on this property, while landowners often continue paying taxes on land being leased. However, lease agreements may designate responsibility for payment of taxes on land or property.
- Taxes levied on this real property are determined by the tax district where the property is located.
- Figure 1 is taken from a report prepared by the University of Nebraska for the Nebraska Power Association and shows the annual real property taxes collected from various wind energy projects in the state.<sup>4</sup>

**FIGURE 1. LOCAL TAX IMPACTS FROM EXISTING WIND FARMS (THOUSANDS OF 2014 DOLLARS)**

Name	Sales tax on initial construction earnings	Annual property tax on real property base	Annual turbine tax	Annual sales tax on operation and maintenance earnings
Ainsworth	\$24	\$195	\$208	\$2
Broken Bow I	\$24	\$224	\$279	\$3
Broken Bow II	\$24	\$203	\$262	\$2
Crofton Bluff	\$14	\$115	\$147	\$2
Elkhorn Ridge	\$18	\$238	\$284	\$3
Flat Water	\$23	\$175	\$209	\$2
Laredo Ridge	\$29	\$238	\$283	\$2
Petersburg	\$18	\$116	\$141	\$2
Prairie Breeze	\$78	\$549	\$699	\$6
Steele Flats	\$30	\$206	\$261	\$3
<b>Total</b>	<b>\$281</b>	<b>\$2,260</b>	<b>\$2,774</b>	<b>\$28</b>

Bottom line may vary due to rounding.

<sup>4</sup> Thompson, Eric. "The Economic and Tax Revenue Impact of the Nebraska Wind Energy Industry." Bureau of Business Research, Department of Economics, College of Business Administration, University of Nebraska – Lincoln, Dec. 30, 2014, [digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1048&context=bbrpub](http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1048&context=bbrpub).

