

SD panel OKs tax break for small energy projects

January 20 2010, By WAYNE ORTMAN , Associated Press Writer

(AP) -- Property tax breaks will be awarded for investments in small renewable energy projects, a South Dakota legislative committee decided Wednesday, despite concerns that the exemptions would result in less revenue for schools and local governments.

The bill, endorsed 6-2 by the Senate State Affairs Committee, will encourage investment in small wind or solar projects by providing incentives already available to large wind projects, Dusty Johnson, chairman of the South Dakota Public Utilities Commission, told the committee.

It also will bring uniformity in how counties assess property taxes on homeowners' solar panels, [wind turbines](#) or comparable small energy producers, he said.

"Unpredictability is not good for investment," Johnson said.

The bill exempts from property taxes the first \$50,000 of the assessed value of the project or 70 percent of the value, whichever is larger. Johnson estimated 120 small wind energy projects and 60 small solar energy projects statewide.

Support for the bill came from representatives of the Sierra Club, the South Dakota Resources Coalition, and Dakota Rural Action.

Opponents said lawmakers should consider the loss to schools and [local](#)

[governments](#) that share in property tax revenue. The state Revenue Department also urged a no vote.

"Don't take the incentives out of local pockets," Yvonne Taylor, lobbyist for the South Dakota Municipal League, told the committee.

"This could and will cause us some loss," said Dianna Miller, representing a coalition of large school districts.

Noting that the governor recommends no funding increase for education this year, Miller said, "I need to keep those dollars in the local districts."

Sen. Dave Knudson, R-Sioux Falls, cited the value of [renewable energy](#) in moving that the bill be sent to the Senate floor.

"It seems the impact is likely to be small on local governments," he said.

Committee Chairman Sen. Tom Dempster, R-Sioux Falls, wasn't persuaded and voted no.

"All too often it's easy as legislators to give away someone else's tax," he said. "If we do, we should find some general fund revenue to replace it."

It was among a trio of alternative energy bills proposed by the Public Utilities Commission and taken up by the committee.

Another bill to refund contractors' excise tax on small wind or solar projects was killed 5-3.

The committee on a 7-0 vote approved a third bill, which requires utility companies to file their minimum rates with the commission when buying surplus electricity from small renewable energy sources.

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