

The Economic Impact of Utility-Scale Solar in Noble County

It is understood that a decision to welcome a utility-scale solar operation into Noble County should not be based on economic impacts alone. Clearly, there are many other factors that need to be considered. Because the economic impacts of utility-scale solar would be significant, these impacts should also be considered in any decision about the future of such solar operations in Noble County.

Extensive research reveals the impacts are best described in four categories:

- (1) Tax payments
- (2) Payments in lieu of taxes or PILOTS
- (3) Wage payments
- (4) Indirect benefits to the community.

An analysis of each impact category below provides information about the impact of a utility-scale solar operation in Noble County. Included, where appropriate, are details taken from case studies of similar sized communities in Texas, Wisconsin, and Virginia that are contemplating or already moving forward with utility-scale solar projects.

Tax Payments

Recognizing that abatements could potentially factor into this analysis, tax payments from a utility-scale solar operation will be realized from both real and personal property tax collections. Based on the EDC's analysis of a potential project in Noble County, the estimated tax revenue (with a 10-year, sliding scale abatement factored in) would be \$42 million over 30 years. Other communities that have completed similar analyses have arrived at similar results. Consider:

- In nearby St. Joseph County, construction of the Honeysuckle solar farm (a \$165 million, 150MW solar farm on nearly 1,100 acres) is about to begin. Local leaders are projecting that this project would provide a \$30 million dollar boost in tax revenue over the next 30 years. The same is true for a similar project in Rush and Henry Counties where Project Bellflower (a 173MW, \$175 million solar farm) is projected to increase tax revenues by \$30 million over the life of the project.
- The Badger State Solar Project in rural Wisconsin will be a 149MW, 1200-acre utility scale solar operation. Based on an analysis completed by Illinois State University, the project will be a significant source of new local tax revenue, with nearly \$600,000 expected in annual shared revenue compared to the \$20,000 in revenue that had historically been collected. Over 25 years, this analysis projected \$15 million in shared revenue for the county and townships involved.

- In McCamey, Texas (Upton County), construction of a 497MW, 2700-acre solar field began in 2019. The investment in this utility-scale solar operation is projected to be \$360 million when finished. Local calculations of tax collections over a 25-year lifetime were projected to be near \$60 million more than would have been collected without the project. A commitment has been made to Upton County and McCamey to use these resources in support of local businesses, community improvement/infrastructure projects, and workforce development opportunities.
- Three rural regions in Virginia (south central, north central, and southeastern) had an analysis completed on the economic impacts of a 100MW, \$134 million utility-scale solar operation. This analysis was completed by Magnum Economics, an independent firm that specializes in producing objective economic analyses in support of strategic decisions. These three regional analyses were done a little differently, comparing the tax revenue to be collected from a utility-scale solar operation with that to be collected from agricultural or industrial operations on the same land. While the numbers varied from region to region, on average, it was concluded that a utility-scale solar operation would generate five times more tax revenue than other noted uses on the same land.
- The University of North Carolina (UNC) completed a data analysis on over 100 utility scale solar projects in over 50 counties across North Carolina. Across these projects, this analysis determined that solar farms increase county taxes derived from the land on which the projects are constructed by approximately 1,000-10,000%.
- A 100MW solar deployment scenario was evaluated by Ohio University to determine the tax impact that could result from such a project. Ohio has a different tax structure than Indiana and allows counties to create a \$7,000 per MW nameplate capacity service tax payment in lieu of property taxes. Using this information, projected tax payments to a community for a 100MW solar field would be \$700,000 per year. Ohio has indicated that this tax revenue will benefit local schools, health systems, senior citizens, and many other aspects of rural Ohio counties and communities.

Payments in Lieu of Taxes (PILOTs)

The great majority of utility-scale solar operations include a Payment in Lieu of Taxes (PILOT). In Indiana, this has often been called an economic development agreement (EDA). The amount of this payment will certainly vary from project to project but could range from \$4-\$8 million spread out over a few years (typically 5-10 years). Two northeast Indiana counties are currently negotiating EDAs with a commercial solar company and negotiations are proceeding appropriately. Similarly, projects in other states have also generated additional economic impact through PILOT payments including Upton County, TX. When done correctly, these PILOT payments generate revenue with greater flexibility and fewer strings attached, giving local communities the ability to invest in much-needed infrastructure, workforce, and/or education projects.

Wage Payments

When it comes to wages, most assessments of economic impact from utility-scale solar operations are done in two phases: (1) the construction phase and (2) ongoing maintenance and operations. Both phases typically have a significant and positive impact on a county/community. For context, consider the following three projects for which information is specifically available:

- To build a \$128 million Hayward Solar Project planned in Freeborn County, Minnesota, the developer will hire 204 workers at the site and pay nearly \$8 million in wages and salaries to these workers during the construction phase. In addition, the University of Minnesota projects the community will gain an additional 115 jobs in industries such as health care, professional services, and others. Once the solar field is up and running, the developer is projecting annual spending on operations and maintenance to be \$2.2 million. The developer will also hire four workers to maintain the site.
- To support the construction of the 2,700-acre solar field in McCamey, Texas, the developer paid out nearly \$20 million in wages to 400 construction-related workers at the site. A local analysis calculated that \$8 million of this total was then “recirculated in the local economy.” Once all phases of construction are finished, the developer intends to maintain a team of six workers and has purchased an old downtown post office that will serve as its base of operations.
- Project Honeysuckle in St. Joseph County intends to employ 150-200 workers during the construction phase of its operations. The majority of these workers will be local. This same developer is also managing Project Bellflower in Henry and Rush Counties (Indiana) and will employ 200 workers during its construction.

Another consideration should come into play as part of this analysis. In McCamey, Texas, based on the terms of the abatement negotiated with the county, the developer must meet minimum local hiring requirements during all phases of the development. Closer to home, the developer for Project Honeysuckle has agreed that 75% of its workforce across all phases of the project will come from local labor. To maximize the local economic benefit of a utility-scale solar project in Noble County, hiring commitments like these just make sense.

Indirect Economic Benefits

While the increased revenue generated as a result of a utility-scale solar project is certainly significant, it is important to note that communities with solar projects have seen significant other positive economic impacts from these projects. Below are just a few examples:

- **Support of local businesses**

In McCamey, Texas, local estimates show that \$8 million of the \$20 million paid in wages during the construction phase were recirculated in the local economy. Construction of this facility took 19 months to complete and, by all accounts, had a significant impact on the local economy. One local judge was quoted as saying “the greatest thing the project has done for McCamey is

support its local businesses.” This appears to be the case for other utility-scale solar projects as well. According to CohnReznick’s Advisory Team (CPAs and tax accountants), “it’s important to highlight that the concentration of investment for these new projects has the potential to turn around an entire local economy, with direct benefits to both landowners and local residents.” The reason for this, they add, is that “income earned by this labor pool is often spent in the workers local economy – adding to a “multiplier effect” of the original investment by the developer.”

- **Educational Partnerships**

By their very nature, solar projects appear to bring with them opportunities for partnering with local school systems. In McCamey, Texas, the developer partnered with local schools on elements of their curriculum and offered scholarships to local students pursuing career pathways in renewable energy studies. The focus of these efforts has been on Science, Technology, Engineering, and Math (STEM) activities. This has become a key component of the developer’s community investment strategy. Similar educational partnerships have been established at other utility-scale solar sites including the Bellflower solar farm, which is committed to providing educational, research, and scholarship opportunities for students at local schools and universities.

- **Community Engagement**

Utility-scale solar operations have also had positive economic impact through philanthropic commitments to the communities in which they operate. The Bellflower Project, for instance, has established a Community Fund to support educational opportunities and voluntary emergency services in Rush and Henry Counties (Indiana). Similarly, the Elm Branch solar project in Texas and the Honeysuckle project in St. Joseph County both committed to dedicating funds to philanthropic activities and investments in local organizations. In McCamey, Texas, the developer has already committed funds to COVID-relief efforts and towards a new Pavilion that will be home to community events and farmer’s markets.

- **Housing Opportunities**

Because of the sheer size of the investment and the multi-year construction workforce, it is certainly possible to leverage the opportunity to generate new housing developments - which are clearly needed in Noble County. In McCamey, Texas, the community worked with developers to build three new apartment complexes to address short term housing needs associated with the project. These complexes addressed long-term housing needs that had plagued the community for decades. They remain occupied today.

- **Competitive Economic Development Environment**

Industrial development is increasingly sensitive to the proportion of energy that is provided through renewable sources. A utility-scale solar energy project in Noble County would

represent an opportunity to attract and retain a variety of businesses to Noble County. In today's climate, business and industry leaders are aggressively working to meet progressive corporate sustainability missions and hedge against future electricity price increases. In fact, over 85% of US corporations today file corporate sustainability reports for their shareholders and stakeholders. A local commitment to a utility scale solar project will make Noble County more competitive in its broader economic development strategies, especially since sustainable strategies are now often deemed a signal of strong community leadership.