

**Original Questions:**

1. How will a township benefit financially from the placement of a wind farm? **See question N4.**
2. How will property taxes be derived from each turbine installation? Will there be an income stream to local government based on the energy generated? **See response below.**
3. Project tax revenues assuming impact. **Needs further clarification.**
4. Are wind turbines (structure) currently taxed? Are transmission lines and substations taxed? If so, at what approximate rate? **See response below.**
5. If the state's Personal Property Tax is eliminated, how much will this decrease the tax revenue to local governments? **See response below.**
6. Have any large energy companies entered into community-based profit-sharing agreements that go beyond the tax encumbrances attached to the development, usually through a property tax? **See response below.**
7. Can we require pay in lieu of taxes in the event that the way they are currently taxed gets altered in such a way that it takes money away from the county and township? **See response below.**
8. Can we require the developer not have the choice to opt-in (?) to no taxes paid to the school fund? **Needs further clarification.**
9. What are some of the tax breaks given to the townships, counties? What will they do with this money? Fix roads? Keep schools open? Where will that money go? **Beyond scope of project.**

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**Questions and Responses**

*These questions may have been recategorized and reorganized. Some may have been sent to another "theme" area (this will have been explained in red under the "Original Questions" section). In other cases two or more questions will be answered with one response.*

- CC2. How will property taxes be derived from each turbine installation? Will there be an income stream to local government based on the energy generated?

**Response:** The answer to this question is site specific and can vary greatly by community, zoning ordinances, and developer. Further, it is not possible to respond to all possible future local tax changes in Manistee and Benzie Counties. In general, a community and developer usually arrange a compensation agreement that is shaped by zoning ordinances, the developer's resources, and the permitting process. Sometimes, the developer pays personal property taxes on the turbines. Other times, the contract requires a Payment in Lieu of Taxes Agreement, which establishes a fixed annual payment directed toward the local community. Both arrangements have benefits and drawbacks for generating revenue for the local community. To read the National Renewable Energy Laboratory's Wind Energy Guide for County Commissioners, which delves into the issue of taxation, see: <http://www.nrel.gov/wind/pdfs/40403.pdf>.

- CC4. Are wind turbines (structure) currently taxed? Are transmission lines and substations taxed? If so, at what approximate rate?

**Response:** The state of Michigan and local government tax land and personal property. Wind turbines, as they are not affixed to the land and owned by a business, are considered personal property and are typically taxed. The same is true for transmission lines and equipment attached to substations. If a developer or company owns the land that any of their personal property is sited on, then they must also pay property taxes in addition to personal property taxes. Though tax rates can vary by location, there are certain statewide requirements that exist. These requirements limit the property tax rate to \$15 dollars per every \$1000 dollars of taxable value, except in counties which have voted to increase the rate. To read a brief

summary of wind turbine taxation in Michigan, see:

[http://www.michiganstthumb.com/articles/2010/07/21/news/local\\_news/doc4c46c9844b2fc328431959.txt](http://www.michiganstthumb.com/articles/2010/07/21/news/local_news/doc4c46c9844b2fc328431959.txt).

To read the Michigan Department of Treasury's information on taxation, see

[http://www.michigan.gov/taxes/0,4676,7-238-43535\\_43537-154835--,00.html](http://www.michigan.gov/taxes/0,4676,7-238-43535_43537-154835--,00.html).

CC5: If the state's Personal Property Tax is eliminated, how much will this decrease the tax revenue to local governments?

**Response:** The 2010 numbers for personal property tax revenue in the Understanding Wind Initiative Townships are: Arcadia \$4,302, Bear Lake \$22,832, Blaine \$423, Joyfield \$1,943, Onkama \$7,958, and Pleasanton \$5,585. The Michigan Municipal League compiled these numbers from Michigan Department of Treasury Records. This information was found at <http://www.mml.org/advocacy/replace-dont-erase/personal-property-impacts-all.pdf>.

Information does not yet exist to determine the potential future loss of personal property tax revenue from wind energy systems if the systems were built and the tax was eliminated.

CC6. Have any large energy companies entered into community-based profit-sharing agreements that go beyond the tax encumbrances attached to the development, usually through a property tax?

**Response:** Yes, many energy companies have created Payment in Lieu of Taxes (PILOT/PILT) Agreements or established community ownership agreements (or "good neighbor" agreements) where their projects are sited as alternatives to property taxes. A PILOT agreement replaces personal property taxes by having the developer pay the local community a fixed annual rate for a certain number of years. Often, communities decide to direct portions of this money to local school districts and government services. Community ownership agreements, as another model for profit-sharing, attempt to give communities a greater financial stake in the project as communities own a portion of the development. These compensation arrangements can vary greatly by location, community, developer, and local policy.

CC7: Can we require pay in lieu of taxes in the event that the way they are currently taxed gets altered in such a way that it takes money away from the county and township?

**Response:** No. There is no authorization for townships to impose this type of requirement, and it likely would be pre-empted by or in conflict with state law.