

ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE

August 5, 2008

Testimony of Marcy Dickerson, State Supervisor of Assessments

Mr. Chairman, Members of the Committee, for the record my name is Marcy Dickerson and I am employed by the State Tax Commissioner as State Supervisor of Assessments and Director of the Property Tax Division.

Chairman Wardner asked me to provide information on dollars of property taxes assessed against wind farms under existing law, compared with what those taxes would be if wind energy generation units were assessed at the usual 10 percent taxable value for commercial and centrally assessed property, instead of 3 percent or 1.5 percent. Only the wind energy generation units enjoy the reduced taxable values. Other wind farm property such as transmission lines and miscellaneous property is assessed at 10 percent taxable value.

The attached spreadsheet shows property taxes levied against the four North Dakota wind farms that were assessed for 2007. The first two, Velva Wind Farm and North Dakota Wind, were constructed at the time the statute provided for taxable value of wind generation units to be 3 percent of assessed value. The other two, Burleigh County Wind and Oliver County Wind, are eligible for 1.5 percent taxable value. Actual taxes levied against those four wind farms for 2007 are \$654,859. If all four wind farms were subject to 10 percent taxable value, total taxes levied for 2007 would have been \$2,638,106.

The lower half of the spreadsheet shows, on the left side, the average 2007 tax per turbine and per megawatt and, on the right side, what the average tax per turbine and per megawatt would be if all taxable value were 10 percent. Average taxes per turbine and per megawatt for wind turbines owned by Basin Electric Power Cooperative and Minnkota Power Cooperative are

also shown. Cooperative-owned wind turbines are not subject to property tax but are included in the in-lieu provision of the gross receipts tax paid by rural electric cooperatives. The portion of the gross receipts tax attributable to the wind turbines was calculated based on the percentage of each cooperative's total taxable electricity produced by those units.

For 2008, eight tentative assessments have been prepared for seven wind farms that were all or partly in place on January 1, 2008. One wind farm, Langdon Wind, is assessed in two separate assessments to its two owners, Florida Power & Light (FPL) and Otter Tail Power Company.

This concludes my prepared testimony. I will try to answer any questions you may have.

Comparison of Wind Power Property Taxes: Current Statutory Taxable Value Percentages vs. 10% Taxable Value for All Property

<u>Company</u>	<u>County</u>	<u>Township</u>	<u>No. of Turbines</u>	<u>Taxable Value %</u>	<u>2007 Mill Rate</u>	<u>Actual 2007 Tax</u>	<u>Actual 2007 Total Tax</u>	<u>If all TV were 10% 2007 Tax</u>	<u>If all TV were 10% 2007 Total Tax</u>	<u>Difference in \$ over 2007</u>	<u>% Increase over 2007</u>
Acciona Energy Velva Wind Farm .65 megawatt capacity each	McHenry	T153N R79W T153N R80W		3.0%	0.29557	11,170.18		35,490.57			
		Total	18		0.29557	56,964.61	68,134.80	178,573.05	214,063.62	145,928.82	214%
FPL Energy North Dakota Wind 1.5 megawatt capacity each	LaMoure	T133N R65W	41	3.0%	0.27951	269,699.20	269,699.20	770,810.32	770,810.32	501,111.12	186%
FPL Energy Burleigh County Wind 1.5 megawatt capacity each	Burleigh	T142N R79W	33	1.5%	0.25832	141,533.53	141,533.53	788,793.04	788,793.04	647,259.51	457%
FPL Energy Oliver County 2.3 megawatt capacity each	Oliver	T143N R83N T142N R83N		1.5%	0.30853	113,301.16		583,036.55			
		Total	22		0.30853	62,190.70	175,491.86	281,402.81	864,439.35	688,947.49	393%
Total							654,859.39		2,638,106.32	1,983,246.94	303%

Average 2007 Property Tax per Wind Turbine and per Megawatt**Average 2007 Property Tax per Wind Turbine and per Megawatt
If All Taxable Value Were 10 Percent**

	<u>Capacity (Megawatts)</u>	<u>Average Tax Per Turbine</u>	<u>Average Tax Per Megawatt</u>		<u>Capacity (Megawatts)</u>	<u>Average Tax Per Turbine</u>	<u>Average Tax Per Megawatt</u>
Acciona Energy Velva Wind Farm	0.65	\$3,785	\$5,823	Acciona Energy Velva Wind Farm	0.65	\$11,892	\$18,296
FPL Energy North Dakota Wind	1.50	\$6,578	\$4,385	FPL Energy North Dakota Wind	1.50	\$18,800	\$12,534
FPL Energy Burleigh County Wind	1.50	\$4,289	\$2,859	FPL Energy Burleigh County Wind	1.50	\$23,903	\$15,935
FPL Energy Oliver County	2.30	\$7,977	\$3,468	FPL Energy Oliver County	2.30	\$39,293	\$17,084
Basin Electric Power Cooperative	0.65	\$2,007	\$3,088	Basin Electric Power Cooperative	0.65	\$2,007	\$3,088
Minnkota Power Cooperative	1.00	\$2,192	\$2,192	Minnkota Power Cooperative	1.00	\$2,192	\$2,192