

Governor Kasich Signs Two-Year SB 232 Extension Into Law

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At the end of June, Governor John Kasich signed into law with the rest of the budget a two-year extension of last session's [Senate Bill 232](#), which significantly reduced the tax burden on certain advanced energy projects. SB 232, originally sponsored by Senator Chris Widener (R-Springfield) and enacted in June 2010, exempts qualifying projects from real and personal property taxation, instead requiring project owners to make payments in lieu of taxes based on generating capacity and other factors.

Without the extension, SB 232 was scheduled to sunset at the end of the year. With the newly enacted extension, a project must be under construction (or filed with the Ohio Power Siting Board) by January 1, 2014, and placed in service by January 1, 2015 to qualify for the tax treatment. Previously, a project had to be under construction by January 1, 2012, and placed in service by January 1, 2013 to qualify. The extension was included in the budget bill with the support of Senators Cliff Hite (R-Findlay), Mark Wagoner (R-Toledo) and Jimmy Stewart (R-Albany), along with Senator Widener and others.

The possibility of SB 232's expiration threatened the momentum of Ohio's growing advanced energy market, potentially derailing more than a dozen wind, solar and other projects in development—and the jobs and investment these projects will bring. Two utility-scale wind farms are already under construction in Van Wert and Paulding counties, employing hundreds of Ohioans, and this extension was viewed as critical to future projects.

The major operative provisions of SB 232 remain unchanged. The changes to the tax code in SB 232 included:

- Permanent exemption from the tangible personal property tax and the real property tax for any project of with a nameplate capacity of 250 kW or less;
- Exemption for "qualifying energy facilities" from real and personal property taxation upon meeting certain specified requirements. Requirements include county commissioner approval of the exemption for projects of 5 MW or more;
- Requirement of "payments in lieu of taxes" (PILOTs) of \$7,000 per MW for qualified solar projects and \$6,000 to \$8,000 per MW for all other renewable energy projects, plus clean coal and nuclear;
- For all projects of 5 MW and greater, allowance for county commissioners to negotiate additional service payments, not to exceed \$9,000 per MW when combined with the PILOT payment;
- Clarification that facilities are subject to commercial activity tax but not the utility gross receipts tax.

[A summary of SB 232](#)

[A summary of the law's accompanying regulations](#)

Authors
