# **Solar charges make Kern 'whole' in state tax dispute**

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**Body**

In a partial resolution to one of ***Kern***'s biggest money disputes with Sacramento, county government has put a system in place that helps make up revenue the county misses out on because the state exempts solar power developers from paying full property taxes on large-scale photovoltaic projects.

A little-noticed policy the county first applied last year to solar projects' environmental reviews charges most developers $550 per acre yearly, for an annual tax bill totaling in the hundreds of thousands of dollars, to compensate for the cost of providing public safety, roads and other services to the surrounding area. Different charges apply if the project sells to a public agency or utility.

Considered the first of its kind in the state, the mitigation measure addresses a complaint raised by county officials about how California's climate policies limit ***Kern***'s ability to fund its public services.

Lorelei Oviatt, the county's top energy permitting official, told the Board of Supervisors last month that the county "will be made whole" by the mitigation measure, though a financial gap remains because "Sacramento refuses" to have out-of-town consumers pay the full cost of their renewable energy.

Meanwhile, ***Kern*** is the only county in the state opposing state legislation, Senate Bill 1340, that would extend the solar property tax exemption past 2024 while, as a compromise, charging developers half the normal property tax rate starting in 2026.

Oviatt told the board, referring to the county's imposition of a "cumulative impact charge," or CIC, "We refused to wait for Sacramento."

The solar industry sees the tax exemption as critical to California's drive to become carbon neutral by 2045. It argues that charging full property taxes for the massive buildout required would overwhelm consumers' electric bills.

The Large-Scale Solar Association trade group has not taken a position on the CIC, and Executive Director Shannon Eddy noted projects in process now have agreed to pay the charges. She said mitigation measure won't be necessary if SB 1340 passes.

"Our property tax reform legislation should compensate the county to the point that they can drop the CIC charge," Eddy said, adding that California may need to more than double its solar assets within nine years.

The county targeted the 42-year-old solar tax exemption two years ago, soon after the Newsom administration tightened restrictions and increased regulatory scrutiny of ***oil*** production, one of ***Kern***'s most important industries.

The governor's actions drew sharp criticism in ***Kern***, which apart from employment aspects has long relied on ***oil*** property tax revenue to help pay for public services, even as the total contribution fluctuates from year to year based on market and regulatory factors.

A county staff report that in December 2020 examined local fiscal impacts of the state tax exemption found that the solar property tax exemption was depriving ***Kern*** of almost $20 million per year. It pointed out that ***Kern***, the state's solar power leader, permits solar projects on a discretionary basis.

Oviatt, ***Kern***'s director of planning and natural resources and author of the staff report, wrote that at a time when other regions turn away such developments, California's renewable-energy goals "cannot be achieved without ***Kern*** County projects."

By email last week, Oviatt said no solar proposal has been withdrawn because of the county's CIC. Solar developers have the option at public hearings to challenge the charge. None have, she noted.

At the Board of Supervisors' June 28 board meeting, which focused on whether to put a 1 percentage point sales tax increase for unincorporated ***Kern*** on the November ballot, Oviatt said the county continues to oppose the state's tax exemption, but that "we are actually fighting for other counties."

"We are fighting for the principle of the matter at this point," she said, "since we have come up with strategies through CEQA (the California Environmental Quality Act) to address that issue."

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