



July 2, 2019

Dear Co-Chairmen Case and Zwonitzer,

My name is Leah Vukmir and I am the Vice President of State Affairs for the National Taxpayers Union (NTU). As a former state senator from Wisconsin, I thank you for holding today's hearing on wind tax policy and for giving me the opportunity to offer written testimony on behalf of NTU.

Founded in 1969, NTU is the oldest non-partisan taxpayer advocacy group in the United States. NTU's mission is to achieve favorable policy outcomes and to push back on unprincipled revenue grabs across the country, roll back unnecessary regulations, and encourage the investment, innovation and free trade that will guarantee economic growth, and promote a thriving free enterprise system. As such, we are concerned about recent legislation to increase the wind energy production tax – a tax unique to the state of Wyoming. We are pleased three such bills did not make it through this legislative session and strongly urge you to oppose future attempts to increase this tax.

We are keenly aware that state legislators across the country grapple with ways to fund state fiscal priorities. In Wyoming, it is easy to understand the need to consider additional revenue sources given your state's significant reliance on tax revenue generated from the energy industry, with more than half of your state's revenue coming from coal, oil and natural gas in recent budgets. With Wyoming's coal production in decline and oil and natural gas subject to market fluctuations, it is easy to see why wind becomes an attractive target from which to cultivate additional revenue. The lure of wind energy as a convenient revenue source should be seriously weighed against the negative impact on economic development that would likely occur by increasing the wind energy production tax.

Current and new wind industry development should be viewed as a rich new opportunity to grow Wyoming's economy. According to the U.S. Department of Energy's Wind Energy Technologies Office, Wyoming ranks among the top 7 states with the highest potential wind power capacity in the country. Additionally, in a March 2019 report by the University of Wyoming's Center for Energy Economics and Public Policy, Wyoming ranks in the top four "lowest cost states" to develop wind in the western market after New Mexico, Montana and Colorado. The combination of these two factors makes Wyoming highly competitive, giving your state the potential to reap significant economic benefits from new wind developments and the ancillary businesses and jobs that come with these new developments.

Despite this positive outlook, it is interesting to note, no new wind farms were developed in Wyoming between 2010 – the first year of the wind energy production tax – and 2016, and recent legislative initiatives to increase the wind production energy tax serve to further deter future wind development in the state. The UW researchers estimate that proposals to increase Wyoming's wind tax from \$1 per megawatt hour to \$5 per megawatt hour would cause the cost of wind development in Wyoming to be 12-21 percent greater than New Mexico, Montana and Colorado: "Our conclusion is that this cost change could have a significant negative impact on wind developers' willingness to consider Wyoming, and undermine the potential use of wind development as an economic diversification strategy."

In 2016, the University of Wyoming's Center for Energy Economics and Public Policy conducted an economic analysis of a potential increase in the wind production tax which showed a similar negative impact on economic development concluding "the state stands to potentially lose significant economic activity and state revenues should the decision to raise generation taxes cause the current planned wind projects not to come to Wyoming."

According to the Carbon County Economic Development Corporation that would mean \$9 billion in planned new development would be at risk in the Wyoming county describing itself as the “hub of existing and new wind development.”

It is our strong belief the wind energy production tax increase is an arbitrary and discriminatory tax that will negatively impact Wyoming’s economy. Wyoming’s ability to compete in the wind energy market will be hindered by further increases in the production tax. True to NTU’s mission we believe sustained economic prosperity will be far better achieved by encouraging investment and innovation in a free market, not by building barriers that will impede future growth. The production tax increase is one such barrier that Wyoming cannot afford. We respectfully urge you to reject current and future proposals to increase the wind energy production tax.

Sincerely,

Leah Vukmir, Vice President of State Affairs
National Taxpayers Union

CC: Members of the Committee