

# ***Update: Solar Constitutional Amendments***

**Barry Moline, Executive Director  
Florida Municipal Electric Association  
(850) 224-3314, ext. 1  
[bmoline@publicpower.com](mailto:bmoline@publicpower.com)**

**Amanda Swindle, Counsel  
Florida Municipal Power Agency  
(850) 297-2011  
[amanda.swindle@fmpa.com](mailto:amanda.swindle@fmpa.com)**

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# Today

- ◆ Background
- ◆ Amendment 4: Ad Valorem Tax Exemption
- ◆ Amendment 1: Consumers for Smart Solar
- ◆ Position?



# Amendment 4 – AD Valorem Tax Exemption

- **Current Exemption -**
  - Article VII - “The legislature ... may prohibit the consideration of the following in the determination of the assessed value of real property used for residential purposes . . . . The installation of a renewable energy source device.”
- **What remains taxable –**
  - Devices installed on non-residential real property
  - Devices subject to the tangible personal property tax

# Amendment 4 – AD Valorem Tax Exemption

## ■ TPP Tax

- Tangible Personal Property (TPP) means all goods, chattels, and other articles of value (excluding some vehicular items) capable of manual possession and whose chief value is intrinsic to the article itself. Inventory and household goods are excluded. (s. 192.001(11)(d), F.S.)
- Anyone who owns TPP on January 1 and who has a proprietorship, partnership, or corporation, or is a self-employed agent or a contractor, must file a tangible personal property return to the property appraiser by April 1 each year (See 193.062, F.S.).
- Property owners who lease, lend or rent property must also file.

# Amendment 4 – AD Valorem Tax Exemption

## ■ Proposed Amendment -

- Article VII - “The legislature ... may prohibit the consideration of the following in the determination of the assessed value of real property ~~used for residential purposes . . .~~ . . . The installation of a solar or renewable energy source device.”
- Article VII - “The assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.”

# Amendment 4 – AD Valorem Tax Exemption

## ■ Effects of Amendment

- Commercial and industrial property owners would be able to purchase and install solar panels on their businesses without increasing the assessed value of their property for ad valorem taxation.
- Lessors of renewable energy source devices will avoid TPP taxes on the value of those devices, which are often passed on to lessees.
  - For municipal electric utilities who might favor a lease agreement for adding solar to their power portfolio, this could drop the cost significantly, in the range of 10-30%, depending on the pricing of the lease.
- Local governments and taxing districts (e.g., school boards) would likely see a modest reduction in ad valorem tax revenue

# Amendment 4 – AD Valorem Tax Exemption

## ■ Supporters

- The Nature Conservancy
- Conservatives for Energy Freedom
- Florida Retail Federation
- Christian Coalition
- Florida Chamber of Commerce
- Advanced Energy Economy (AEE)
- Solar Energy Industries Association (SEIA)
- Vote Solar

- Florida Restaurant & Lodging Association
- Southern Alliance for Clean Energy
- Floridians for Solar Choice

## ■ Opponents

- NONE



# Amendment 4 – AD Valorem Tax Exemption

- **Southern Alliance for Clean Energy**

- *“A YES vote on Amendment 4 lowers solar energy costs by lowering taxes on solar installations – because the tangible personal property tax is passed on to customers in the form of increased solar power prices of up to 5 cents per kilowatt hour (kWh). That’s a big deal in Florida where a couple cents can make or break the economics of going solar. Better solar economics means more solar development, which lays the groundwork for cleaner air and a more sustainable future for the next generation.”*

- **Tallahassee Democrat**

- *“This is the Sunshine State and solar energy is a big deal. Installing solar panels on a rooftop is expensive, to start with, and they add to the value of the properties using them. Residential systems are already exempt, so passage of the amendment would give Florida businesses the same tax break.”*

# Amendment 1

## Two Originally Proposed

1. Consumers for Smart Solar
  - (aka, the utility one)
2. Floridians for Solar Choice
  - (aka, the environmental one)



# Amendment 1

## Only One on the Ballot

1. Consumers for Smart Solar
  - (aka, the utility one)
2. Floridians for Solar Choice
  - (aka, the environmental one)



# The Environmental One

(not on ballot)

- ◆ **Floridians for Solar Choice**
- ◆ **Would have allowed 3<sup>rd</sup> party solar companies to place a solar collector on your customers' roofs AT NO COST and sell the solar output directly to that customer.**
- ◆ **(Effectively creating a new utility with no reliability responsibilities.)**



# The Environmental One

(not on ballot)

- ◆ **Floridians for Solar Choice**
- ◆ **That customer would remain connected to the grid and rely on their local utility for power at night and cloudy days when solar is insufficient or unavailable.**
- ◆ **Remember, half the day is night!**



# The Environmental One

(not on ballot)

- ◆ That customer would be using your grid and your backup and peaking power, but not pay for it.
  - Unless they install batteries, which is unlikely
- ◆ Utilities would not be able to charge a fee to these solar customers for this service.



# The Environmental One

(not on ballot)

- ◆ Why was this proposed?
- ◆ Because in the Florida legislature & IOUs had basically shut out environmental groups from expanding solar in any way, and this was the only avenue they felt they had.



# Consumers for Smart Solar

(aka, the utility one)

- ◆ **Proposed in response**
  - **Initiated by the IOUs**
- ◆ **Would allow a separate fee to be charged only to solar customers to connect to the grid and for backup power.**
  - **Around 1/3 of the bill today should reasonably be a fixed monthly fee to pay for fixed costs (poles, wires & debt).**

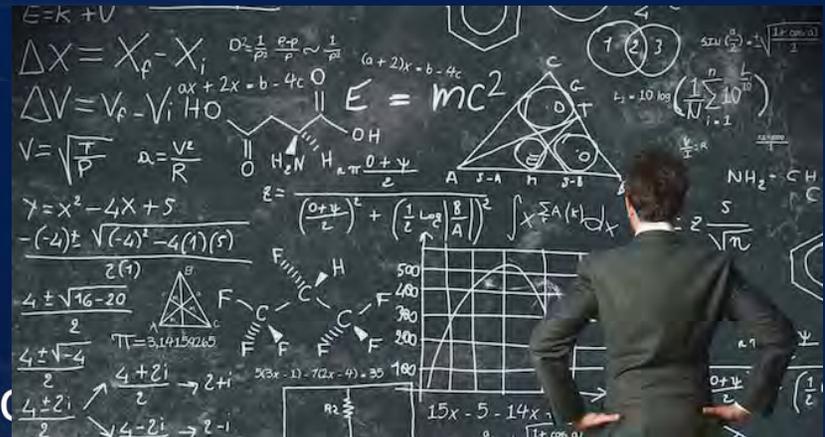
# Prognosis?

- ◆ Polling well, 70+%
- ◆ Campaign is compelling
  - Consumer protection
  - Prevents fraud, abuse and overcharging
  - Non-solar customers are protected too
  - Everyone who uses the grid maintains it...
    - Including big, out-of-state companies



# Prognosis?

- ◆ If environmental groups organize and pay for a campaign, they could derail it
- ◆ My golfing buddies oppose it
  - Why? Utilities support it
  - Explained how they subsidize ME
    - They pay higher electric bills for my \$0 bill
    - They still oppose it – the explanation gave them a headache

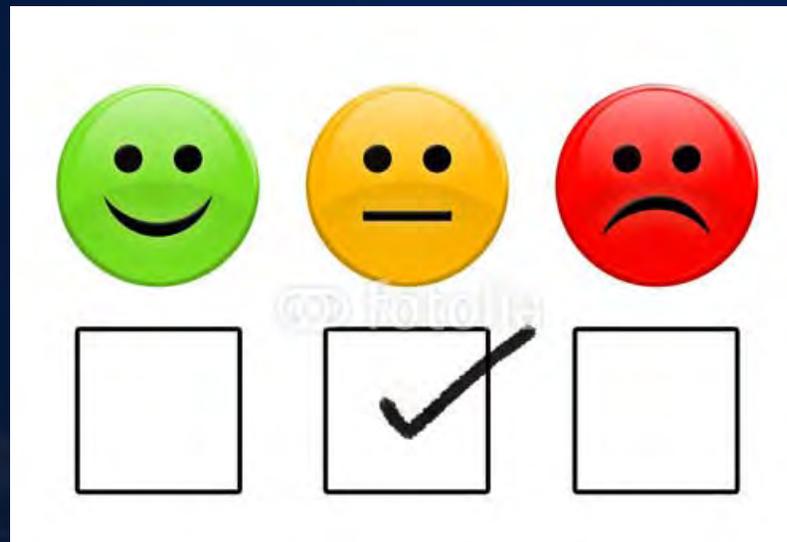


# Three Perspectives

1. We just need more solar. You love the planet and it doesn't matter how much solar is subsidized.
2. There's a way to invest in solar where costs are properly paid by the customers who benefit from the lower bills.
3. If utilities provide the solar, it's fair for everyone – but that would be good policy is not on the ballot.

# FMEA Position

- ◆ **Informing Members**
  - Our member-governing boards have people on both sides.
- ◆ **Informational talk sheet to help you discuss this issue in your community.**



# Consumers for Smart Solar

## Amendment 1 “One For The Sun”

<https://smartsolarfl.org/>



# **BALLOT TITLE:**

## **Rights of Electricity Consumers Regarding Solar Energy Choice**

**BALLOT SUMMARY:** This amendment establishes a right under Florida's constitution for consumers to own or lease solar equipment installed on their property to generate electricity for their own use. State and local governments shall retain their abilities to protect consumer rights and public health, safety and welfare, and to ensure that consumers who do not choose to install solar are not required to subsidize the costs of backup power and electric grid access to those who do.