



November 2, 2012

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The Honorable Jerome E. Horton, Chair
The Honorable Michelle Steel, Vice Chair
The Honorable Betty T. Yee, Member
The Honorable George Runner, Member
The Honorable John Chiang, State Controller and Member
State Board of Equalization
450 N Street
P.O. Box 942879
Sacramento, CA 94279

Re: Guidelines for Active Solar Energy Systems New Construction Exclusion

Dear Chair and Board Members:

On behalf of the California State Association of Counties (CSAC), I respectfully submit our request that the Board amend the proposed guidelines related to active solar energy systems before adopting them. The guidelines would expand a property tax exclusion for certain types of solar systems, including utility-scale solar power plants.

The amendments we request are those that Riverside and Inyo Counties have already requested, which would remove solar power plants from the tax exclusion.

CSAC represents all 58 California counties, whose Boards of Supervisors are solely responsible for county budgets, which in turn fund a wide array of local, state, and federal programs. With this as context, we present two reasons to amend the guidelines before adopting them.

First is the issue of voter intent, since all property tax exclusions must be permitted in the Constitution. The person who drafted the tax exclusion, Senator Alfred Alquist, said in ballot pamphlet arguments that the exclusion would be for consumers of electricity who would realize savings from the installation of an active solar system, and that those systems were within financial reach of the average taxpayer. Those comments clearly are not referring to industrial power plants, which are none of those things.

Senator Alquist also argued that the amendment would not have a significant effect on local agencies, but the proposed guidelines would have an extraordinary impact on counties.

Power plants are high-impact users of local government services. Emergency response is the most obvious and costly service that power plants require, but not the only. County general services are paid for almost entirely with property taxes.

Many rural counties — with Inyo County as a particularly dramatic example— already have narrow tax bases, partly because of their small population, but mostly because so much of their land is owned by other government agencies (for water rights and state and national parks) and therefore exempt from property taxes.

To allow even more land to escape taxation based on its actual value — possibly a significant amount of land given state requirements to meet renewable energy goals — would place great strain on these counties, which again is counter to the information voters had when they enacted the tax exemption.

For all of these reasons, both legal and pragmatic, we encourage you to amend the guidelines for active solar energy systems' new construction exclusion before you adopt them. Thank you.

Please contact me at (916) 327-7500 x515 or jhurst@counties.org if I can answer any questions about our position.

Respectfully,

Jean Kinney Hurst
Senior Legislative Representative

cc: Riverside County Board of Supervisors
Riverside County Assessor Larry W. Ward
Inyo County Board of Supervisors
Inyo County Assessor Tom Lanshaw
California Assessors Association
Regional Council of Rural Counties
Sherrie Kinkle, Board of Equalization
Dean R. Kinnee, Board of Equalization