By Joseph Moore
Nebraska News Service

Nebraska would become one of only two states in the country that offer tax credits for renewable energy generation under a bill introduced by Sen. Jeremy Nordquist of Omaha.

The Legislature's Revenue Committee heard testimony March 6 on LB 411.

The bill would offer a new tax incentive for solar, wind, biomass and landfill gas energy producers just as the federal tax credit on renewable energy production is set to expire at the end of 2013.

"Us having something like this in place would make us a magnet for renewable energy developers," Nordquist said. He said the tax incentive would give Nebraska a competitive advantage over other states in attracting investment in renewables.

Currently, only Oklahoma offers a production-based tax credit on renewable energy.

Despite covering several categories of renewable energy, Nordquist said the bill's goal is to attract wind developers.

Nebraska currently ranks fourth in the nation in wind resources, according to the American Wind Energy Association.

The state had 260 wind turbines operating in 2012 with a total capacity of 459 megawatts, providing 2.9 percent of Nebraska's power.

By comparison, Iowa, which ranks seventh in the nation in wind resources, had a total wind energy capacity of 4,536 megawatts and generated more than 18 percent of its power from wind in 2011, according to the American Wind Energy Association.

Even with plentiful wind resources, Nebraska is falling behind neighboring states in wind energy production.

Nordquist's bill would provide a tax credit of .5 cents for each kilowatt-hour of electricity generated from a renewable source. That amount would increase to a peak of 1.5 cents between 2015 and 2017, dropping back down to .5 cents after 2019.

Producers would be eligible for the credit for up to eight years.

The estimated cost to the state for these tax credits is about $2 million for the fiscal year 2014-2015.

Sen. Paul Schumacher of Columbus asked if the tax credit is necessary to attract developers considering Nebraska's abundant wind resources.

Richard Lombardi, representing the Wind Coalition, a nonprofit group that advocates for wind energy production, responded by saying that the energy market is heavily subsidized and energy producers are forced to go where the incentives are greatest.

"Tax policy is everything in energy policy," he said.

Lombardi said the state, and particularly rural areas, would benefit from an increase in wind energy production. "Wind projects become one of the largest taxpayers," he said.

David Levy, representing Midwest Wind Energy, a wind farm development company with operations in Nebraska, agreed that the tax credit is necessary to attract more investment.

"Other states' tax incentives put Nebraska at a disadvantage," he said.

Levy said Midwest Wind Energy projects in Custer, Knox and Boone counties would generate an estimated $66 million in local and state tax revenue over the next 10 years, adding, "We would like to build more projects in Nebraska."

No one testified against the bill.

Nordquist said the committee would hear testimony on a number of related bills and encouraged members to consider some form of incentive for renewable energy development.