



Sen. David Koehler

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10200SB1820sam001

LRB102 17023 HLH 23563 a

1 AMENDMENT TO SENATE BILL 1820

2 AMENDMENT NO. _____. Amend Senate Bill 1820 on page 1, by
3 replacing lines 4 through 15 with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Energy Community Reinvestment Act.

6 Section 5. Energy Community Transition Payments.

7 (a) For purposes of this Section:

8 "Generation facility" means a plant or equipment used to
9 produce, manufacture, or otherwise generate electricity that
10 is not a transmission facility or an energy storage system
11 procured by a distribution company for support in delivering
12 energy services to end users.

13 "Wholesale generation company" means a company engaged in
14 the business of producing, manufacturing, or generating
15 electricity for sale at wholesale only.

16 (b) Any wholesale generation company that does not rely on

1 a renewable, or such company's affiliate, subsidiary, or
2 parent company, that currently has no binding agreement for
3 payments in lieu of transition payments to all taxing
4 districts in which the company's generation facilities are
5 located shall be required to make transition payments to any
6 taxing district in which an affiliated generation facility, or
7 part thereof, is located and has been devalued for property
8 tax payment purposes; provided, however, that where such a
9 binding agreement for the payment in lieu of transition
10 payments has been entered into on or after the effective date
11 of this Act, that agreement shall govern, and that generation
12 facility shall be exempt from the provisions of this Act.
13 Those payments shall offset any reductions of property taxes
14 as a result of any devaluation of that generation facility.
15 This Section does not provide for any exemption from property
16 tax and is in addition to any property tax obligations.

17 (c) For the taxable year in which the wholesale generation
18 company begins decommissioning and for the 3 subsequent
19 taxable years, transition payments shall be the difference
20 between the property taxes due for that property for the
21 current taxable year and the property taxes due for that
22 property for taxable year 2020. From the fifth taxable year
23 following the beginning of the decommissioning process until
24 the tenth taxable year, transition payments shall be
25 calculated as follows:

26 (1) For taxable year 5, the amount shall be equivalent

1 to 90% of the difference between the equalized assessed
2 value of the property as of January 1, 2020 and the
3 equalized assessed value of the property as of taxable
4 year 5, multiplied by the applicable tax rate for that
5 property for the taxable year;

6 (2) For taxable year 6, the amount shall be equivalent
7 to 80% of the difference between the equalized assessed
8 value of the property as of January 1, 2020 and the
9 equalized assessed value of the property as of taxable
10 year 6, multiplied by the applicable tax rate for that
11 property for the taxable year;

12 (3) For taxable year 7, the amount shall be equivalent
13 to 70% of the difference between the equalized assessed
14 value of the property as of January 1, 2020 and the fair
15 cash value of the property as of taxable year 7,
16 multiplied by the applicable tax rate for that property
17 for the taxable year;

18 (4) For taxable year 8, the amount shall be equivalent
19 to 60% of the difference between the equalized assessed
20 value of the property as of January 1, 2020 and the
21 equalized assessed value of the property as of taxable
22 year 8, multiplied by the applicable tax rate for that
23 property for the taxable year;

24 (5) For taxable year 9, the amount shall be equivalent
25 to 50% of the difference between the equalized assessed
26 value of the property as of January 1, 2020 and the

1 equalized assessed value of the property as of taxable
2 year 9, multiplied by the applicable tax rate for the
3 property for the taxable year; and

4 (6) For taxable year 10, the amount shall be
5 equivalent to 40% of the difference between the equalized
6 assessed value of the property as of January 1, 2020 and
7 the equalized assessed value of the property as of taxable
8 year 10, multiplied by the applicable tax rate for the
9 property for the taxable year.

10 (d) Any such transition payments shall be included in the
11 tax base for purposes of determining the taxing district's
12 levy. The Department of Revenue may issue rules and guidelines
13 for implementing the provisions of this Section consistent
14 with preserving the transition payment amounts in the local
15 tax base for such purposes.

16 (e) A generation company or wholesale generation company
17 may, in order to comply with its transition payment liability
18 obligation, execute an agreement for payment in lieu of
19 transition payments with the taxing districts in which such
20 generation facility is sitting, and said company shall be
21 exempt from transition payments, in whole or in part, as
22 provided in any such agreements during terms thereof. Any such
23 agreement shall be the result of good faith negotiations and
24 shall be the equivalent of the property tax obligation based
25 on full and fair cash valuation. Any such negotiated amount
26 shall be included in the tax base for purposes of determining

1 the levy. The Department of Revenue may issue rules and
2 guidelines for implementing the provisions of this Section
3 consistent with preserving the negotiated payment amount in
4 the local tax base for such purpose.

5 (f) A taxing district, acting by and through its governing
6 body and assessors, is hereby authorized to enter into an
7 agreement with a wholesale energy generator concerning
8 payments in lieu of transition payments. A taxing district and
9 wholesale energy generator may agree to ratify any such
10 agreement entered into and in effect prior to the enactment of
11 this act in all respects and as though this Act had been in
12 full force and effect at the time of the execution of said
13 agreement.

14 (g) Agreements between wholesale generation companies and
15 host taxing districts shall be executed as a result of good
16 faith negotiations. Such agreements shall cover a period of
17 time equal to a minimum of ten years. If an agreement on such
18 payment in lieu of transition payments cannot be effected
19 through good faith negotiations, the parties shall submit to
20 arbitration and such arbitration shall be performed by the
21 Department of Revenue or a state-certified professional
22 arbitrator or arbitration firm appointed by the Department of
23 Revenue.

24 (h) The Department of Revenue may adopt rules and may
25 issue guidance for implementing the provisions of this Section
26 consistent with the goal of preserving the transition payment

1 and in lieu of transition payment in the local tax base.".