

October 22, 2019

To:

Sen. David Argall, Chair, Senate Majority Policy Committee

Dear Chairman Argall and Senators:

Thank you for giving Pennsylvania Farm Bureau the opportunity to provide thoughts and recommendations on supporting the use of renewable energy in Pennsylvania.

Our members have significant interest in the development of home-grown energy. Whether that is leasing land for wind turbines, or natural gas wells, our farmers want to help our country move away from a reliance on foreign energy. That includes playing a role in generating renewable energy on their land, in the crops they grow and the waste that is generated on farms.

We believe that clean and renewable energy is good for Pennsylvania, for our farm families, and for our nation's goal of ending dependence on foreign energy. Agriculture already has a footprint in renewable energy. According to the latest federal agriculture census, more than 2,200 farms in Pennsylvania use some form of renewable energy. Of that number, the greatest percentage is in solar panels. It's also worth noting that 111 farms have leased a portion of their land to commercial wind energy companies.

The production of energy, its availability for use on farms, and the development of home-grown sources, is a key interest area for Farm Bureau. We have long supported a multi-pronged approach to energy development, including the need to encourage renewable energy generation. Our organization was an early supporter of the 25X25 alliance—a group of agriculture and renewable energy organizations who established a goal of moving 25 percent of renewable energy development to farms by 2025. Studies developed by the 25X25 Alliance, released in 2011, suggested that Pennsylvania could play a significant role in renewable energy due in large part to favorable conditions for wind turbines and solar. We are seeing that play out in Pennsylvania in real time as land continues to be leased for wind and solar projects.

To help that growth continue, we believe that several public policy changes and investments can be made that will result in Pennsylvania generating even more renewable energy. Some will take legislative changes, while others will need public investments. However, public spending on renewable energy is ultimately beneficial to the state's economy and environment.

I want to highlight some broad public policy goals on renewable energy, then discuss specific legislation pending before the General Assembly that Farm Bureau supports.

Public Policy

Methane Digesters

Greater reliance on renewable energy has the potential to solve a number of environmental issues. That is perhaps best highlighted by methane digesters, which can generate electricity, help farmers more precisely apply nutrients and significantly reduce the amount of food waste reaching landfills.

Most of us are familiar with the butter sculpture that is displayed at the Pennsylvania Farm Show. Once the farm show is completed, the butter sculpture is sent to a dairy farm in Juniata County, where it is mixed into the farm's methane digester. In the end, our annual butter sculpture helps generate renewable energy.

This Juniata County dairy farm is one of nearly 40 farms in Pennsylvania that uses a methane digester to generate electricity. Along with being able to power the farm, these systems put electricity onto the grid. All of the animal waste generated by the farm is placed into a methane digester, along with expired food waste from local grocery stores. This diverts food waste from landfills, and instead helps produce renewable energy. In addition, the farm receives tipping fees for taking expired food waste, which is typically less than a grocery store would pay at a landfill. These fees have helped the farm generate a secondary source of income. In days of depressed commodity prices, multiple income streams are critical to the survival of family farms. Most methane digesters in Pennsylvania do not take food waste. However, as this farm in Juniata County demonstrates, digesters have the potential of solving several environmental issues with one system.

Digesters also have the added benefit of nearly eliminating odors from the land application of manure. Once the digestion process is completed, farmers are left with a solid material that is often used as bedding or commercial fertilizer. The liquid left over from digestion contains the nutrients that farmers use for crop production—namely nitrogen and phosphorus. Farmers can examine the nutrient levels in those byproducts and make more precise decisions on how to land apply that material. The goal of any land application is to make sure that those nutrients are taken up by crops, not washed off into local waterways.

Unfortunately, state and federal grant sources for methane digesters has not kept pace with the demand, and frankly the need, for these types of systems. We believe the state should return to offering tax credits and low interest loans for farmers to build digesters that will handle farm waste and expired food products. These systems produce a steady source of renewable energy, and can also divert waste that would otherwise end up in crowded landfills. For instance, California has made a significant investment in methane digesters, paid in part through tax credits and the availability of carbon-offset credits. Minnesota has made low-interest loan funding available to help farmers and energy developers pay for these types of projects. Methane digesters can help Pennsylvania achieve numerous renewable energy and environmental goals. Lawmakers should make renewed investments in methane digesters by helping farmers pay for the installation of these systems. Additionally, since many digesters can divert waste from entering municipal landfills, we believe that public-private partnerships can be created to help fund these systems.

Solar

Pennsylvania agriculture continues to use solar for on-farm energy generation, and to help produce electricity for the grid. Farmers have used barn roofs, or marginal crop land, to place solar panels to meet their energy needs. We believe that its prudent for the state to continue to offer tax credits to help businesses pay for renewable energy projects. Farms are large energy users, whether its powering milk equipment, or helping to run a modern chicken house. At the same time, barn roofs and adjacent ground are often readily available for the placement of solar panels—perhaps more so than businesses located in urban areas. Helping farmers pay for renewable energy projects to power their farms is a good investment and will move Pennsylvania closer to renewable energy goals. At the same time, we do

not believe it's in the best interest of Pennsylvania to subject any of these renewable energy systems to the burden of property taxes. We would support efforts to exempt these types of installations from property taxes for a given period of time.

As interest grows in renewable energy, we are hearing of more farmers considering long-term leases with solar energy companies. This includes plans underway to install a 70-megawatt facility near Gettysburg that Philadelphia will use to power its government buildings. A similar system, but smaller in scale, has already been built on a farm in Lancaster County. In both cases, the solar farm was designed so that the land could one day be used again for crop production. Grasses will be growing underneath these panels, and some limited grazing is feasible. Designing these large-scale projects in a way that allows for the eventual reuse of farmland should be the standard for solar projects in Pennsylvania. Farmland is valuable, and a finite resource. Even if a solar array produces energy for the next 25 years, eventually, a farmer will be able to plant crops again in that field. We don't want to lose our productive crop ground for good, but we also want to encourage farmers to make the best economic use of their land. We are hopeful that solar, following proper construction standards, can be a competitive economic use for some Pennsylvania farm ground, while preserving the land for future use.

Because these types of leases are complicated, and involve long-term decisions, we are hopeful that solar companies looking to lease in Pennsylvania will follow professional standards that embrace transparency and landowner fairness. In the past, farmers and other landowners were not treated fairly by some energy companies leasing in the Marcellus Shale gas field. No matter the type of energy development being pursued, Pennsylvania landowners deserve fair treatment in the leasing and royalty process. Some solar energy companies have expressed to us a desire to create a guidebook and FAQ that can be sent to landowners so they better understand the lease process. That kind of approach is welcome.

Clean and Green

Pennsylvania's Clean and Green program, which provides preferential tax assessments for agriculture and forest land, has been incredibly useful at keeping more land in agriculture. Land that is enrolled in Clean and Green derives a property tax benefit, but also faces restrictions on how the land is used.

Landowners who enroll in Clean and Green and eventually sell their land for development, or use it for certain commercial activities, face the imposition of “roll back” taxes. The imposition of roll back taxes is designed to act as the proverbial carrot and stick, ensuring that land receiving preferential tax assessment is being used for its intended purposes—namely farming and forestry.

Since the program was created, the General Assembly has enacted several changes to the law to reflect emerging needs of Pennsylvania landowners. When leasing activity began in earnest in the Marcellus Shale fields, farmers and other landowners faced the prospects of losing all Clean and Green benefits when leasing their land for natural gas development. The General Assembly enacted legislation to limit the imposition of roll back taxes to only the areas impacted by drilling and related activities. For instance, if a farmer leased 10 acres of a 100-acre farm for natural gas development, the farmer is only responsible for roll back taxes on that 10 acres. He or she can still derive Clean and Green benefits on the remaining 90 acres. Similar changes have been enacted to allow for limited roll back taxes on land leased for wind turbines.

Under current Clean and Green laws, farmers and other landowners can install solar panels, and not face the imposition of roll back taxes, provided that the majority of energy is used by the landowner. However, if a landowner leases land for a commercial solar project, they face losing Clean and Green status on their entire parcel. So, a farmer leasing 10 acres of a 100-acre farm for solar energy development faces the imposition of roll back taxes on the entire 100 acres. We believe our Clean and Green laws should be updated to limit the imposition of roll back taxes for solar energy development to only the acreages impacted by the lease. This would bring consistency to Clean and Green regulations regarding roll back taxes and energy development. Similarly, we would support efforts to allow for the use of renewable energy projects on preserved farms, provided that minimal acreage is impacted.

Current Legislation Supported by Pennsylvania Farm Bureau

Community Solar Legislation

Pennsylvania Farm Bureau supports the efforts called for in House Bill 531 and Senate Bill 705. Both legislative initiatives seek to remove some of the regulatory burdens that prevent multiple property owners from jointly investing in solar energy projects. Under community solar models adopted in other states, participants can subscribe to a solar energy project and then receive a credit on their electricity bill. We can see agriculture playing a key role in the development of community solar projects. Many typical urban and suburban homes are not situated to take advantage of solar energy. However, the open space of agriculture is often a good location for such solar installation. Community solar would allow multiple landowners to pay for, and receive credit from, a group project. We believe that Pennsylvania should open the door for community solar energy generation and give landowners the ability to participate in these projects if they so choose. *We are calling on lawmakers to pass either HB 531 or SB 705 so that more solar energy projects can get off the ground in Pennsylvania.*

Wind Turbines on Preserved Farms

Pennsylvania Farm Bureau has long supported efforts to allow preserved farm owners to place commercial wind turbines on their property. Rep. Curt Sonney has introduced House Bill 441 that will amend our farmland preservation rules to allow wind generation on preserved farms that are more than 50 acres in size. Currently, preserved farmland owners can grant a right-of-way for other infrastructure needs, including water and sewer lines, gas and oil pipelines, or for underground mining. House Bill 441 adds wind power to that list, while protecting the spirit and intent of our farmland preservation programs. Similar legislation has passed the House in previous sessions. HB 441 has passed the House and is now in the Senate. *We are urging Senators to swiftly pass HB 441 this session.*

Conclusion

We believe Pennsylvania agriculture has a considerable role to play in the development of renewable energy. With focused public policy goals, we believe Pennsylvania can make substantive gains in generating even more energy from renewable sources, diversify farm incomes and bolster rural communities. Our organization remains committed to working with the General Assembly to achieve these goals.

Regards,



Darrin Youker
Director, State Government Affairs