



FAC RESEARCH

**Proposed Constitutional Amendment:
Limits or Prevents Barriers to Local Solar
Electricity Supply**

8/27/15 2015 FAC Policy Conference

FAC Review of Proposed Solar Amendment

Solar Power

Limiting Or Preventing Barriers to Local Solar Electricity Supply



- This review only contains a precursory analysis of those issues believed to have an impact, direct or indirect, on the financial well-being of counties.
 - Based on Financial Impact Estimating Conference (FIEC) report (May 7, 2015)
- Additional proposed amendment regarding solar power
 - Rights of Electricity Consumers Regarding Solar Energy Choice
 - Sponsor: Consumers for Smart Solar
 - Has not been reviewed by FIEC as of this date.

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- Sponsor: Floridians for Solar Choice, Inc
- The proposed amendment:
 - a) Prohibits state and local government regulation of local solar electricity suppliers with respect to rates, service, or territory
 - a) Prohibits electric utilities from discriminating against customers of local solar electricity suppliers with respect to rates, charges, and terms of service.

Financial Impact Estimating Conference

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- On May 7, 2015, The Financial Impact Estimating Conference (FIEC) submitted the results of the required estimating conference to the Secretary of State, the Honorable Ken Detzner.
- The conference concluded:
 - Based on current laws and administration, the amendment will result in decreased state and local government revenues
 - However, the FIEC was not able to determine the severity of the fiscal impact due to several factors.

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Sales Tax

- The sale of electricity by the utility company to a customer is taxable.
- The sale of electricity generated by solar power is not taxable.
- Increased sales or use of solar power could result in a reduction in the current (traditional electricity) taxable base and in sales tax revenue to state and local government.

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Ad Valorem

- The potential installation of more solar energy systems on non-residential (commercial) properties should initially increase ad valorem revenues at current millage rates.

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Franchise Fees

- There are two scenarios in which the franchise fee revenues could be impacted.
 - Franchise fees are based on revenues from utility companies. If consumers choose solar energy over traditional forms of electricity, counties may be impacted by any potential decrease in utility company revenues.
 - **Monopoly Clause:** Electric Utility companies may choose to terminate or renegotiate the agreement if legislation passed at the federal or state level that threatens the franchise agreement.

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Public Service Tax



- The PST is a local option tax on utilities such as electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled and water services authorized in section 166.231.
- Current law does not tax solar energy.
- To the extent that consumers transition from a taxable activity to a non-taxable activity, local government PST revenues will decrease.

Solar Power – Limiting Or Preventing Barriers to Local Solar Electricity Supply

The Florida Supreme Court has scheduled oral arguments for *September 1, 2015*

- To review the language of the proposed constitutional amendment on solar power, in order to ensure that it does not mislead the voters, and
- To ensure that it addresses only a single subject.

FY 2013 Transportation Expenditures



- **To access the entire report please click here**
- **For more information regarding research and data provided by the association please contact our Legislative Analyst, Orlando Garcia (ogarcia@fl-counties.com)**