

Wild Hill Solar

Payment in Lieu of Tax Proposal  
Jefferson County, WV

# Project: Wild Hill Solar

**System Type:** Passive, photovoltaic solar project

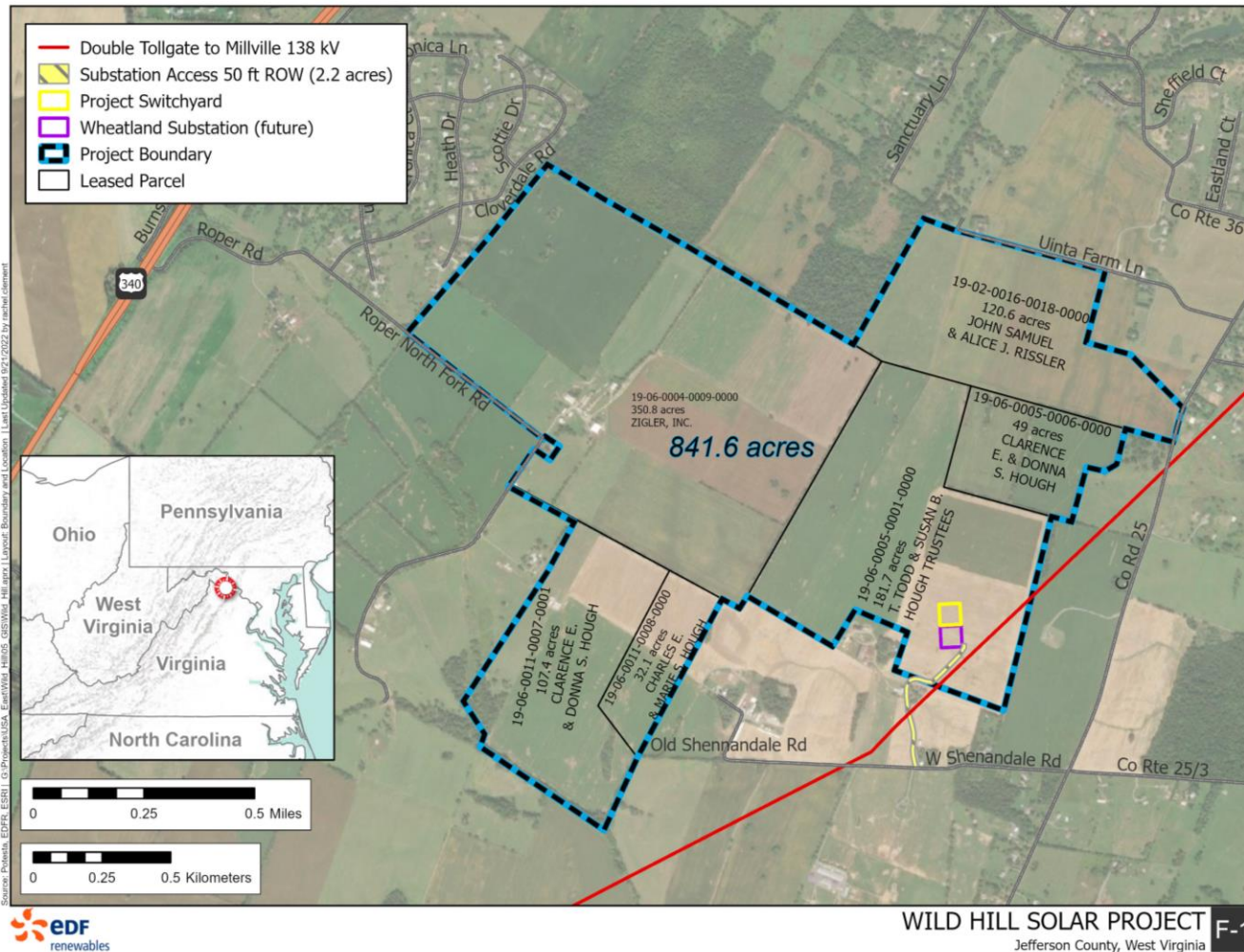
**System Capacity:** 92.5 Megawatts

**Location:** Charles Town

**Project Size:** 841 acres

**Anticipated Construction Start:** Est. 2025

**Anticipated Project Operation:** 39yrs



# What's Been Done

- **Land Acquisition**
- **Permits**
  - State: February 2021
  - Local: October 2022
- **Interconnection Agreement**
  - May 2021
- **Community Investment**
  - Wild Hill Solar has contributed over \$25,000 to numerous community organizations since 2019 including:
    - Boys & Girls Club of the Eastern Panhandle
    - Citizens Fire Company
    - Jefferson County Community Ministries
    - Jefferson County Fair Association
    - Jefferson County 4-H



# What's Next

- **PILOT Decision**
  - Anticipated July 2024
- **Construction**
  - Anticipated Fall 2025
- **Commercial Operations**
  - Anticipated Fall 2026
- **Continued Community Investment**
  - Long standing partnerships for the next 40 years



# Economic Development

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- The Project represents an investment of \$125M in construction costs in Jefferson County
- Wild Hill Solar is projected to generate \$134M in direct, indirect, and induced economic benefits in the Jefferson County area.
- Wild Hill Solar will:
  - Use local labor, creating hundreds of jobs during construction
  - Create full-time jobs once operational
  - Minimal impact on public services
  - Not require new utilities to be built or maintained.

# Alternate Tax Opportunity

- A Payment In Lieu of Taxes (“PILOT”) is a fiscal policy tool often used to replace tax revenue on otherwise tax-exempt properties and to encourage economic investment and prosperity in local communities.
- Under a PILOT arrangement, the private entity agrees to make annual payments to the tax levying bodies in lieu of the property taxes that would otherwise have to be paid on the facility.
- In the case of Wild Hill, the operational costs are competitive except for the annual tax liability. **This project is not economically feasible without a PILOT.**
- **Real Property tax revenues will not be impacted by a PILOT arrangement.** The underlying land remains zoned agricultural, assessed and taxed accordingly. Should real property tax liability increase for participating landowner(s) as a direct result of the project installation, Wild Hill reimburses landowners for the increased tax liability.

# PILOT Proposal

Wild Hill Solar is seeking a PILOT arrangement under WV Code §8-19-4 that provides both Jefferson County and Jefferson County Schools alternate revenue streams, in lieu of ad valorem property tax revenue. These revenues can be used to help fund existing or new initiatives of Jefferson County and Jefferson County Schools without raising costs for local citizens. Wild Hill Solar has prepared a PILOT agreement and adopting resolution for the County Commission to consider.

- ❖ Total: **\$28,806,596**
- ❖ PILOT Agreement: 39 years: \$12,956,596 in total payments
- ❖ Lease Agreement: 39 years: \$15,600,000.00 in total payments

Entity	Annual PILOT*	Capital Contribution	Lease
Jefferson County	\$46,000/yr esc. @2.5% per annum	-	\$400,000/yr., no esc.
Jefferson County Schools	\$154,000/yr esc. @2.5% per annum	\$250,000 (one-time)	

\*Total PILOT Agreement revenue = \$200,000/yr escalating at 2.5% annum. Per state statute, annual PILOT revenues are disbursed by the county in the same manner as real property tax revenues. Based on present school levy and bonding, Wild Hill estimates that approximately 77% of the annual PILOT will be directed to Jefferson County Schools.



# Comparative View - Year 1 Tax Revenue

## 2023 Tax Revenue

Parcel	Real Property Taxes 2023
Parcel One (350.8ac)	\$4161.46
Parcel Two (107.4ac)	\$411.12
Parcel Three (32.1ac)	\$3637.22
Parcel Four (181.7ac)	\$1672.90
Parcel Five (49ac)	\$160.29
Parcel Six (120.6)	\$3333.04
<b>TOTAL</b>	<b>\$13,367.03</b>

## Year 1 Proposed Revenue from Wild Hill Solar

Revenue	Amount
PILOT	\$200,000
Lease	\$400,000
One-Time contribution to JCBOE	\$250,000
Real Property Taxes	~\$14,395 <sup>1</sup>
<b>TOTAL</b>	<b>\$864,395</b>

1. Assumed 2.5% escalation starting in year 2023. Real property tax revenue reflects estimate for 2026, the assumed operations year of the project.



# Comparative View - Project Life Span Revenue

## 39-Year Proposed Current Use Tax Revenue

Real Property Taxes	Amount
<b>TOTAL</b>	<b>\$970,248<sup>1</sup></b>

## 39-Year Proposed Revenue from Wild Hill Solar

Revenue	Amount
PILOT	\$12,956,596 <sup>2</sup>
Lease	\$15,600,000
One-Time contribution to JCBOE	\$250,000
Real Property Taxes	~\$970,248
<b>TOTAL</b>	<b>\$29,776,844</b>

This is a difference of **\$28,806,596** in potential revenue to Jefferson County.

1. Assumed 2.5% escalation starting in year 2023. Real property tax revenue from 2026-2065. 2026 is the assumed operations year.

2. The \$200,000 PILOT payment escalates at 2.5% per year.

# Understanding WV Code §8-19-4

## Adoption

- Under the proposed arrangement Jefferson County would approve a project purchase & lease back structure that exempts the project from both ad valorem and state B&O tax liability.
- In lieu of ad valorem tax revenues, a PILOT Agreement would be adopted establishing a new revenue stream.
- Per statute, the County Commission and Board of Education must approve and adopt a PILOT Agreement for it to be effective
- Per statute, all annual payments under a PILOT Agreement must be dispersed in the same way as standard property taxes

## Conveyance

- At Project COD declaration, Jefferson County assumes leasehold ownership of the Project site and a conveyance of the equipment comprising the Project.
- Upon conveyance, the subject PILOT Agreement becomes effective.

## Leaseback

- Subsequent to leasehold transfer of the subject property, the property is leased back to the applicant to operate & maintain
- Lease revenues do not need to be dispersed in the same manner as ad valorem property tax
- Lessor (county) is indemnified against any liability related to the operation of the Project

# Thank You!

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