

FILED
June 29, 2023
Data Center
Missouri Public
Service Commission

Exhibit No. 305

Doc 31
29

Economic Impact Analysis for Sapphire Sky Wind Farm in McLean County, Illinois



February 2021

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I. Executive Summary



Sapphire Sky Wind Energy LLC, an affiliate of Invenenergy LLC, is developing the Sapphire Sky Wind Farm in McLean County, Illinois. The purpose of this report is to evaluate the economic impact of this Project on McLean County and the State of Illinois. The basis of this analysis is to study the direct, indirect and induced impacts on job creation, wages, and total economic output.

The Project consists of an estimated 250 megawatts (“MW”) of capacity of wind turbines and the associated access roads, transmission and communication equipment, storage areas, and control facilities (the “Project”). For purposes of this report, a total name plate capacity of 250 MW in McLean County was assumed. The Project represents an investment of over \$350 million in McLean County. The total development is anticipated to result in the following:

Jobs

- 379 new jobs during construction for McLean County
- 965 new jobs during construction for the State of Illinois
- 36 new long-term jobs for McLean County
- 55 new long-term jobs for the State of Illinois

Earnings

- Over \$23.2 million in new earnings during construction for McLean County
- Over \$65.5 million in new earnings during construction for the State of Illinois
- Over \$1.8 million in new long-term earnings for McLean County annually
- Over \$3.4 million in new long-term earnings for the State of Illinois annually

Output - the value of production in the state or local economy. It is an equivalent measure to the Gross Domestic Product.

- Over \$44.3 million in new output during construction for McLean County
- Over \$135.4 million in new output during construction for the State of Illinois
- Over \$8.6 million in new long-term output for McLean County annually
- Over \$13.3 million for the State of Illinois in new long-term output annually

Property Taxes

- Over \$43.7 million in total school district revenue over the life of the Project
- Over \$7.5 million in total county property taxes for McLean County over the life of the Project
- Over \$71.5 million in property taxes in total for all taxing districts over the life of the Project

Having considered all these benefits, it is still important to determine the net impact of the wind energy project after taking into account the reduction in school funding from the State of Illinois. Determining the reduction in GSA is complicated by the fact that there is a new law for distributing state funds to education.

On August 31, 2017, Governor Rauner signed into law PA 100-0465 that fundamentally changes the way that the state distributes state aid to school districts. The funding consists of two parts – a Base Funding Minimum and a Tier Funding. The Base Funding Minimum in FY18 is based on what the district received in FY 17 under the old funding formula. Some call this the “Hold Harmless” provision and ensures that there are no “losing” districts in the transition to the new funding formula. The Tier Funding is additional money and goes in higher portion to the districts that demonstrate a higher need under the new formula. Because of the “Hold Harmless” provision, no school district will see a reduction in their GSA from what they received in the year before the wind farm was installed. However, the higher EAV caused by the wind farm will reduce its eligibility for new money allocated in the state budget.

There are several sources of uncertainty with the new school funding formula concerning this new money. First, the total amount of new funding to be distributed over the next ten years is unknown at this point. It will be determined year-by-year in the state budget passed by the legislature and signed by the governor. For FY21, no new money was allocated for the school funding formula in the recently passed state budget. Second, data for the formula funding changes each year based on the school’s student population and its “need” and it is difficult to forecast its school’s student population over time. Third, each school district is competing with all other school districts for this new funding and so the EAV and student population for all other school districts in the state will impact what a single school district receives. Fourth, the school district’s EAV could also change due to other property changes in the district.