

Roth: Florida taxes oranges?

By [Jim Roth](#), Director and Chair of the Firm's Clean Energy Practice Group. This column was [originally published in The Journal Record](#) on February 13, 2017.



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Florida taxes oranges?

If you were to read a headline that the state of Florida was looking to add a 25-percent tax to the price of oranges, you might scratch your head and wonder why they would intentionally hurt one of their largest industries. In Florida, agriculture is second only to tourism.

Such was my reaction when Oklahoma state leaders unveiled an idea this past week to tax their way out of a recurring budget shortfall dilemma by proposing a new tax on Oklahoma's wind energy, thereby raising the cost of every single Oklahoman's monthly utility bill. Wind energy accounted for roughly 20 percent of the state's total electricity last year, so you can

do the math about an increase to 20 percent of your electricity fuel bill.

The proposed \$5 per megawatt-hour of wind power generation amounts to an approximate 25-percent increase to the cost of wind power, which is now being developed and sold in Oklahoma at around \$20 per Mwh.

It's also interesting to note that only one other state in America has a tax on wind production and Wyoming, where coal is king, has a \$1-per-megawatt-hour tax, a whole one-fifth of Oklahoma's proposed new tax rate.

Oklahoma has enormous energy blessings in the form of natural gas, wind and oil. Recently, the U.S. Energy Information Administration updated its state rankings and has Oklahoma third in the country in natural gas production and fifth in crude oil production. Oklahoma is now also ranked third in wind power with 6,645 megawatts of wind capacity as of the end of 2016, just surpassing California and now trailing only Texas (20,321 MWs) and Iowa (6,917 MWs).

It's true what Oscar Hammerstein wrote about Oklahoma in our fabled state song, "...where the wind comes sweeping down the plain, and the wavin' wheat can sure smell sweet," yet we probably aren't "doin' fine" if we are so desperate to tax one of our leading industries, 25 percent to just make budget.

There's a better way, if you think there is a necessity to push new taxes on electricity generation. There's an Oklahoma way. Develop a tax approach that makes pollution more expensive, not Oklahoma's clean energy. And this is an approach being pitched nationally by a large group of prominent, conservative Republicans, who believe it's time to tax carbon, a real villain, rather than American energy itself.

Former Secretaries of State James Baker and George Schultz, former Treasury Secretary Hank Paulson, business leaders like

Rob Walton, former chairman on Wal-Mart, and many others were in D.C. this month meeting with Vice President Mike Pence and other leaders to detail their blueprint for a \$40-per-metric-ton tax on carbon dioxide pollution, with the price escalating over time. And yet the policy would actually protect low-income Americans from higher energy bills, unlike Oklahoma's proposed wind electricity tax. Under Baker's proposal, the projected \$200 billion to \$300 billion in annual revenue from the carbon tax would be distributed to households, by quarterly checks, from the Social Security Administration. It is estimated that families of four would receive about \$2,000 a year in payments to them, not from them.

And through it all America would be transitioning, even more quickly to a cleaner energy economy and leading the world.

Oklahoma could lead also by a similar approach, rather than hobbling one of its leading industries, with large investments in the state, by targeting wind. We should target negative aspects of human behavior; such is the justification for increasing cigarette taxes, right?

An Oklahoma pollution tax would make winners out of our state's cleaner-burning natural gas and wind industries, would drive greater production and demand for both and would in turn reduce health care costs to families and businesses by reducing harmful pollutants in our air. We would send less hard-earned Oklahoma money to Wyoming for imported coal, where we are buying their schoolbooks instead of our own. We would in turn incentivize Oklahoma's energy future by creating a growing market, not a shrinking one.

"Florida taxes fattening fried potatoes" makes more sense to me than "Oklahoma taxes its own wind."

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