FACT SHEET: Clean Energy Powers the Rural Economy

Clean energy presents a viable opportunity to stabilize and diversify income streams and reduce operational costs for American farmers and ranchers. Considering that American farmers and ranchers only receive 15.9 cents out of every dollar spent on food,[i] additional income streams are especially crucial during periods characterized by high input costs, low commodity prices, and extreme weather conditions.[ii] Integrating clean energy practices and using federal clean energy tax policies—the Investment Tax Credit (ITC), Production Tax Credit (PTC), transferability, and others—can enhance farmers' and ranchers' abilities to manage the cyclical nature of agriculture.

Presently, over 150,000 farm and ranch operations nationwide are making use of clean energy.[iii] The continuation of federal tax policies that make clean energy investments more accessible and easier to capitalize will provide other farms and ranches with opportunities to improve profitability. Moreover, rural communities stand to gain significantly from clean energy through the creation of new jobs, reductions in energy costs, and generation of state and local tax revenues to support community initiatives. For small businesses and other entities serving rural residents, clean energy can result in lower energy expenses and more resilient local economies, thereby fostering greater opportunities for employment and attracting or retaining local talent.[ivv]

Tax Stability Leads to Affordable, Reliable, American Energy and More Capital for the Rural Economy

Existing clean energy tax policies represent a significant value proposition for rural communities, small businesses, and other stakeholders. Key benefits include but are not limited to:

- **Additional Income for Private Landowners:** Clean energy projects contribute more than $2 billion in drought-proof land lease payments to farmers, ranchers, and other private landowners each year, offering agricultural producers a steady and predictable source of income.[vi] In California's Central Valley, farmers installing solar saw an average revenue of $50,000 per acre each year, roughly 25 times the value from growing crops.[vii]
- **Support for Electric Cooperative Customers:** Serving 40 million consumers and 85 percent of American farms, the nation's electric cooperatives play an essential part in expanding rural access to low-cost and reliable forms of energy.[viii] Since 2016, co-ops have nearly doubled their clean energy capacity from 8.2 gigawatts (GW) to nearly 15.8 GW, with an additional 5.3 GW planned for development through 2027.[ix] In a scenario where co-ops can take full advantage of a least-cost portfolio of clean energy resources, one analysis found that customers could see a 20 percent reduction in wholesale electricity costs on average by 2032, representing an $80 billion total investment in co-op member communities.[x]
- **Reliable and Dispatchable Electricity in Rural Areas:** A truly reliable and resilient energy grid leverages the benefits of multiple different generation resources. During extreme weather, from storms to heat waves, clean energy resources have consistently showcased high performance in terms of system resilience, like restoring power after outages. Paired with battery storage, which has increased by 2,735 percent since 2012,[xi] resources such as wind and solar can provide enough coincident "firm" capacity to increase the reserve margins of the nation's 11 largest electric cooperatives by 15-20 percent in the next decade.[xii]
- **Reshoring Jobs and Production in Historic Industrial Centers:** Rural communities are critical to America's domestic manufacturing comeback story, with more than half-a-trillion dollars invested and more than 120,000 new jobs created from nearly 200 new clean technology production

facilities planned, under development, or operating nationwide.[xiii] In Michigan, half of the state's booming clean energy manufacturing investments have benefitted rural and low-income areas.[xiv] In rural West Virginia, for example, Form Energy has begun operations at a first-of-its-kind, high-volume battery production facility that is expected to create 750 jobs.[xv]

- **Growth to Local Tax Bases:** Each year, clean energy projects pay more than $2 billion in local tax payments to host communities, which fund improvements for schools, emergency services, and critical infrastructure.[xvi] One analysis of county tax data found that wind developers rank among the largest taxpayers across localities in Illinois, Iowa, and Nebraska.[xvii] These financial resources can be used to support public safety, education, and local infrastructure improvements that benefit communities and families for generations.

Innovative Tax Policies Create Opportunity

Since the oil price shocks of the 1970s, there has been bipartisan support for tax policies that encourage the diversification of our nation's energy mix, particularly through provisions that help to reduce the upfront costs of capital-intensive energy investments.[xviii] Two significant provisions are the ITC, a one-time credit based on the capital cost of building an energy project, and the PTC, a credit based on the amount of electricity generated. For the first time since their inception, the ITC and PTC became "technology-neutral" in 2025. This shift expands access to the credits to a broader range of energy technologies including: nuclear, geothermal, carbon capture, and other low-emissions sectors.

Current tax policies also allow for transferability of tax credits between taxpayers. Many project developers, including farmers, ranchers, and other rural businesses, may not have the tax capacity to use the credits themselves. Transferability allows them to sell the credits to a third party through a straightforward transaction. Without transferability, energy tax credits were primarily monetized and used by large banks through complex tax equity arrangements, which involve taking on a multi-year ownership position in an energy project. While tax equity still plays a role in the market, transferability expands the types of businesses and entities that can benefit, presenting new opportunities to farmers, ranchers, and rural communities.

Some success stories that illustrate the benefits of current tax policies, such as the ITC, PTC, and transferability, include:

- Bramble Farm, a poultry farm in Moorefield, West Virginia, leveraged transferability to finance the costs of a rooftop solar array, which now offsets nearly 100 percent of the farm's energy consumption and cut one-fifth of its electricity bill.
- Last year in central Iowa, Verbio leveraged transferability to revamp its ethanol biorefinery into a facility that converts local farm waste into renewable natural gas.
- A fifth-generation farmer in Nebraska utilized federal tax policies to install solar generation and reduce average monthly energy bills from $400-700 to under $100.[xix]

Transferability allows a larger range of market participants to take advantage of existing technology-neutral tax credits, helping to reduce costs and generate income for years to come. By allowing smaller projects to make use of these credits, existing tax policies are helping expand the ability of businesses, landowners, and individuals around the country to help contribute to our shared goals of creating jobs, reducing costs, and supporting national energy dominance.

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