



Wind Turbine Economic Impact: Landowner Payments

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Q1. How are local residents compensated for the use of their land for wind turbines?

Economic development is one of the key benefits wind development brings to the communities that host wind farms. This economic development comes in two primary forms: **community-wide** (primarily through the property taxes that wind developers pay to local governments) and **personally** (through payments made directly to landowners).

Most commonly, **personal payments go to landowners who allow a wind developer to place turbines or other equipment on their property.** The actual amount paid to these landowners varies greatly from place to place and depends upon how many acres are included in the lease, among other factors.¹

Research from communities in Michigan with windfarms finds that many of the landowners who receive payments reinvest that money in their property or use it to buy new farming equipment.² There are also many farmers who say that the money helps reduce the risk of operating a farm.³

In Michigan, **some wind developers also pay neighbors who own property near wind turbines,** not just those with turbines on their land. This can provide wind developers with more flexibility in siting wind projects, as some local governments require wind turbines to be farther from the homes or property lines of unpaid neighbors.

Collectively, landowners in the U.S. receive a total of about \$222 million per year from wind developers.⁴

Gratiot County Wind Turbine. Photo courtesy of Greater Gratiot Development.



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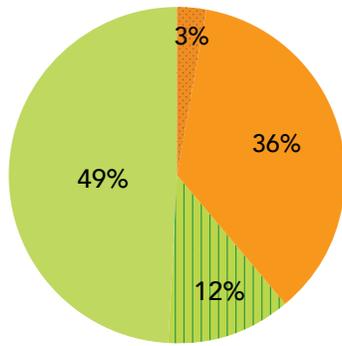
Acknowledgement

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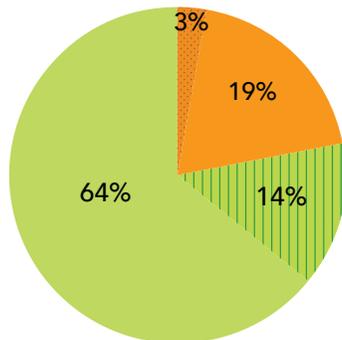
The Clean Energy in Michigan series provides case studies and fact sheets answering common questions about clean energy projects in Michigan.

Find this document and more about the project online at graham.umich.edu/climate-energy/energy-futures.

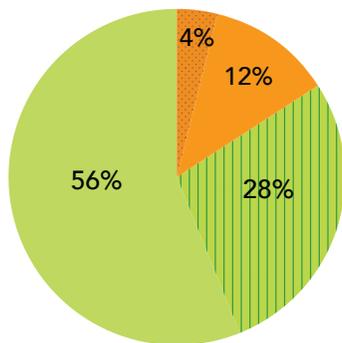
Landowner Residency Status and Compensation by Township



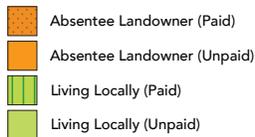
Garden Wind Farm



Stony Corners Wind Farm



Thumb Wind Farm



Q2. Does the money from landowner payments stay in the local community?

The **landowner payments** made by wind developers in Michigan largely do **go to local residents**, but the exact proportion depends upon how prevalent absentee landownership is in the community.

We investigated three wind projects in Michigan: Garden Wind Farm (in the Upper Peninsula), Stony Corners Wind Farm (in the northwest lower peninsula, near Cadillac), and Thumb Wind Park (in Huron County, in Michigan’s thumb). **We used survey data⁵ and tax addresses to determine what proportion of landowners who receive payments from wind developers live in the community where the windfarm is located.⁶**

We found that the majority of residents receiving landowner payments do live in the community, which suggests that the money developers pay to these landowners stays in the local economy.

However, the **proportion of landowner payments made to local—versus absentee—landowners varies greatly** from windfarm to windfarm. For example, in the Garden Wind Farm, 23.8% of landowner payments go to absentee landowners, while in the Thumb Wind Farm just 11.6% of payments are made to landowners living outside the Thumb (see figures).

The reason for these differences is that there are **large differences in how common absentee landownership** is in these communities in Michigan. In Garden Township, for example, 39.4% of landowners have tax addresses outside of the township, compared to just 15.7% of landowners in the area around the Thumb Wind Farm. In each of these three wind projects, absentee landowners are less likely to receive payment than locals.

- 1 “Wind Turbine Lease Rates – How Valuable Is Your Wind Farm Lease?: Landmark Dividend.” Landmark Dividend LLC, Landmark Dividend LLC, www.landmarkdividend.com/wind-turbine-lease-rates-2/.
- 2 Mills, Sarah. “Farming the Wind: The Impact of Wind Energy on Farming” <http://closup.umich.edu/wind/farming-the-wind-the-impact-of-wind-energy-on-farming.php>
- 3 “Wind Power Pays \$222 Million a Year to Rural Landowners.” American Wind Energy Association, 22 Mar. 2016, [www.awea.org/resources/news/2016/wind-power-pays-\\$222-million-a-year-to-rural-lando](http://www.awea.org/resources/news/2016/wind-power-pays-$222-million-a-year-to-rural-lando).
- 4 “Wind Power Pays \$222 Million a Year to Rural Landowners.” American Wind Energy Association, 22 Mar. 2016, [www.awea.org/resources/news/2016/wind-power-pays-\\$222-million-a-year-to-rural-lando](http://www.awea.org/resources/news/2016/wind-power-pays-$222-million-a-year-to-rural-lando).
- 5 The CLOSUP Wind Project’s Landowner survey contacted all landowners in selected Michigan townships with wind farms. Fifty-three percent (2,013 landowners) responded.
- 6 Coordinates of existing turbines and plat maps were used to identify which landowners host turbines on their property. Tax addresses were used to determine the proportion of compensated landowners that reside in and out of the project area.