

Thinking about a solar lease? Here are 5 things you should consider.

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Rural landowners across the Southwest New York Region, and New York State in general, have been receiving invitations from solar companies to lease their land for utility scale solar arrays. While this has been around for several years, the general trend of increasing renewable energy sources has spurred lots of conversations about the potential benefits, pitfalls, and logistics of hosting solar arrays on your property.

One thing to note is that solar leases are rarely something landowners should feel pressured to rush right into. Careful consideration, consultation with legal counsel, and an evaluation of the role such a lease would play into a farm business plan are all important steps before signing on the dotted line. Here are 5 things to consider as you think about leasing your land for solar.

- 1. The Benefits of Solar Leases:** Solar energy is an important part of reducing carbon emissions and meeting [statewide](#), [national](#), and [global](#) efforts of increasing renewable energy sources. As a landowner, a solar lease can also provide a steady income stream, ranging from \$250 - \$2500/acre/year. While this isn't as profitable on a per acre basis as other production options, for unused or marginal land, solar leases can help [diversify farm revenues](#). There are several companies in our area recruiting land parcels for solar development, which could work to your advantage! Research and contact [developers in your area](#) for the best lease rates and agreements.
- 2. Solar Leases and Your Farm Business Plan:** Having a farm business plan in place is so much more than a dusty binder sitting on a shelf in the farm office. A business plan tells you where you're going, why you're doing what you're doing, and what other types of opportunities you'd like to explore. Depending on your [farm's business plan](#), [stage in the business life cycle](#), and [succession planning](#) goals, solar may help spur new growth or hinder new investment opportunities. A solar lease can affect how you might use that land in the future, which could include mortgages, property sale, production diversification, expansion, or generational use.
- 3. You'll Need Legal Counsel:** Lease agreements are living documents that can be adapted to meet your needs. This could range from including provisions that protect actively farming around the solar arrays (apiaries, [small ruminant grazing and market garden production](#)), hunting, right of ways, insurance and liability concerns, and more. Leases can range in length from 20 to 40+ years, and it's important to have a sound and fair lease in place from the beginning. There's very little chance of changing the lease terms once it's in place.
- 4. Effect on Property Taxes:** If you're currently receiving an [Agricultural Assessment](#), or other property tax reduction, taking the land out of production agriculture and into a solar array may require paying some of those reductions back and [conversion penalties](#) (you can typically negotiate that the solar company pays these costs). A solar array can sometimes increase the value of your property and your tax obligations. Once the land is in a lease, the solar developer should also be responsible for any real property taxes, PILOT payments, etc. There is a renewable energy tax exemption that will

protect increases for a 15 year period, but this often expires before the lease does – and many towns in our region have [opted out of this program](#). Be sure to research potential tax implications prior to negotiating the lease agreement.

5. **“THE UGLY”**: You may have heard some horror stories related to array construction, maintenance, and disassembly. Much of this can be negotiated with sound legal counsel who is familiar with solar arrays into your lease agreement. However, things do (and probably will) happen and you should be prepared to handle these issues on your property. Some areas of concern include:
- Construction debris during the installation phase, traffic, and potential interruptions to your farming practices.
 - Dismantling the solar equipment at the end of the lease and the oversight of that process, which should be laid out in very specific terms in the lease. Be sure to include specifications of the quality of the property (returning it back to production).
 - Security, assurances, and/or bonds in place to cover the termination of the lease and equipment in the case of developer bankruptcy or missed payments.
 - Company transitions with the nature of the renewable energy industry, your lease will likely change hands several times and you will need to navigate those ownership changes.
 - Local zoning approvals may be a breeze or a community uproar depending on your area and could delay a potential project.

Solar leases and their potential impact on our agricultural industry can be both an exciting and an intimidating topic of conversation. While the situation will vary from farm to farm, developer to developer, and community to community – the most important thing will be reaching out to sound legal counsel to negotiate a fair agreement and reflecting on your farm’s business goals.

For more information, visit any of these great resources below:

- [Leasing Your Farmland For Wind and Solar Energy Development from New York Farm Bureau.](#)
- [Utility Scale Solar – What You Should Know by Timothy X. Terry from Cornell PRO-DAIRY](#)
- [Landowner Considerations for Solar Land Leases from NYSERDA](#)
- [Solar Installations in Agricultural Districts from NYSERDA](#)
- [Solar Leasing Workshop Materials from CCE Herkimer County](#)

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Solar Panel in the Snow sourced from Pixabay.com.

Photo Caption: Area land owners should take careful consideration when evaluating solar array leases for their farm businesses.