

## The Economic Effects of Limiting Wind and Solar Development

*Summary: The data suggest counties with renewable energy restrictions are paying more to compete for investment they've made harder to win.*

*Michael J. Hicks*

Indiana has experienced astonishing growth in renewable energy production, which now accounts for almost 16% of the state's electricity. That expansion has been met with mixed local reactions. Some communities embrace the new technologies while others place significant restrictions on them.

In a new study, my co-authors and I find that those restrictions cost Indiana counties hundreds of millions of dollars each year in economic activity — and close to 9,000 jobs (see <https://extension.purdue.edu/cdext/thematic-areas/community-planning/collaborative-projects/rstep/docs/r-step-01-restrictions-20260511-ada-final.pdf>).

This study was performed for the U.S. Department of Energy. We partnered with Purdue University researchers who previously chronicled the restrictions on wind and solar facilities in each county (see <https://extension.purdue.edu/cdext/thematic-areas/community-planning/collaborative-projects/docs/renewable-energy-report-with-snapshots1.pdf>). The goal was to discover whether restrictions on the placement of wind or solar facilities had any effect on local economies, jobs and tax conditions.

This research matters because corporations that have made renewable energy part of their goals account for most business expansions and new establishments in manufacturing, logistics, utility and information sectors. Those companies can either change the energy mix of their existing locations, which is usually very expensive, or they can relocate near renewable energy.

Communities restrict wind and solar for a variety of reasons. Some people dislike the aesthetics of wind turbines and solar fields. Others don't like the sound. In some places, there are worries about loss of farmland.

Some of these are legitimate concerns supported by research findings from dozens of studies. Others, particularly concerns about farmland loss, are not well-supported by evidence.

Our study reveals for the first time what happens to a local economy when Indiana communities limit wind or solar power.

We used data on the manufacturing, logistics, information, utility and agricultural sectors of each Indiana county from 2001 to 2022 to create a quasi-experiment between counties that restricted wind or solar and those that did not. We measured restrictiveness multiple ways — from simple counts of ordinances to outright moratoriums on new development.

For solar, we used the whole state as a control group; for wind, we compared restrictive counties to those with equally fast wind speeds. We also tested whether restrictions in one county boosted or reduced economic activity in neighboring ones.

This gave us a comprehensive picture, with one caveat: We don't know when the rules were implemented and can only isolate effects to a four- to six-year period. That means our estimates represent a minimum; the actual effects of restrictions might be larger.

What we found: At a minimum, these regulations cost counties more than \$800 million per year — mostly in manufacturing, information and utility industries.

But, restrictions also coincide with GDP gains in logistics and agriculture of roughly \$600 million. The agriculture growth is largely explained by the fact that most restrictive counties already had some wind or solar installations present before passing restrictions — meaning those farmers still collect royalty payments. The logistics gains are less clear, but they might reflect more available land.

On net, that represents a loss of close to \$200 million per year in counties with restrictions on wind and solar production.

The employment effects are much larger because the lost GDP occurred in labor-intensive sectors, while the gains did not. We calculate a net loss of close to 9,000 jobs each year, mostly in rural manufacturing.

Ironically, counties that imposed wind and solar restrictions also saw tax abatements spike to between \$40 million and \$60 million each year. In other words, as they restrict the renewable energy that draws businesses to a region, they end up offering steeper subsidies to attract those same businesses anyway, with less success than counties that didn't restrict.

The data suggest these counties are paying more to compete for investment they've made harder to win.

Our study shines a light on the practice of restricting wind and solar production across parts of Indiana. Follow-up studies should tell us about the potential effects of wind and solar facilities on home prices. And, of course, there's even more research to be done on environmental impacts, which are especially relevant because Indiana has among the worst air pollution in the nation.

We don't have recommendations about whether a county should lift or create restrictions on wind and solar. These are local decisions. Our job is to provide facts and analysis that inform those decisions.

What we can say is that if you restrict renewable energies, you will shrink your county's economy and reduce employment opportunities. It also appears your county will spend more on tax abatements to lure businesses back, with little success.

These sorts of trade-offs are ubiquitous in local policy decisions. There's no way around them, and the choices are often difficult. A lack of good information about these trade-offs makes those choices less likely to be in the best interest of citizens.

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*Note: This syndicated column by Michael Hicks was published the week of **April 9, 2026**. The views expressed here are solely those of the author, and do not represent those of funders, associations, any entity of Ball State University, or its governing body.*