

# The Solar Manufacturing Jobs Creation Act

## H.R. 4085 (Thompson, Camp, Doggett, Tiberi) and S. 2755 (Menendez, Stabenow)

### Overview

The Solar Manufacturing Jobs Creation Act would add equipment used to manufacture solar energy generating property to the eligible property list of the existing Section 48 commercial solar investment tax credit (ITC). Current law provides a 30% tax credit for solar energy generating property placed in service in the U.S. before January 1, 2017. **The legislation would allow a 30% credit for investments in equipment placed in service in U.S. manufacturing facilities before January 1, 2017.** An independent study by EuPD Research found that the proposed legislation would create nearly 160,000 additional jobs in the solar industry and related sectors by 2016, while also supporting 2,000 MW of new solar PV installations.<sup>1</sup>

### Supporting Points

#### The U.S. is losing the global race for solar manufacturing jobs.

- As recently as a decade ago, the U.S. accounted for more than 40% of global solar photovoltaic (PV) cell production. In 2008, the U.S. produced only 5% of the world's solar cells, with Europe and Asia leading global production.

#### Other countries are racing to create domestic demand for solar cells and to attract solar manufacturing jobs. Many nations offer generous incentives to locate solar manufacturing in-country.

- **Philippines:** 6-year income tax holiday.
- **Malaysia:** 15-year income tax holiday.
- **Germany:** Grants of 30% of investment costs for large enterprises.
- **Singapore:** Multi-year tax holidays.

#### ARRA created a limited short-term incentive -- but it isn't enough to support long-term job growth in solar manufacturing.

The 2009 American Recovery and Reinvestment Act (ARRA) included a competitive tax credit capped at \$2.3 billion in total tax expenditures for advanced energy manufacturing projects (new code Section 48C). The 48C credit is a very good start to increase domestic solar manufacturing; however:

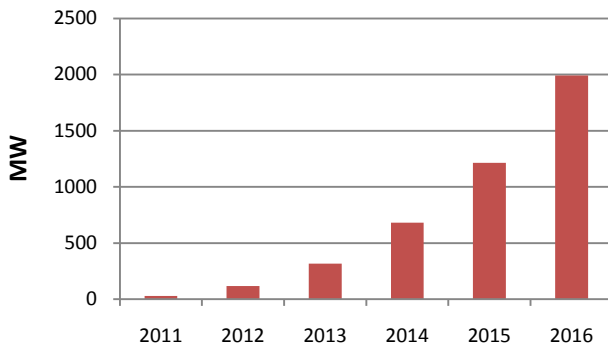
- Firms must apply and are not guaranteed to receive a 30% credit unless certified as a recipient by Treasury; the program will be oversubscribed and only a fraction will receive a credit.
- Now that the \$2.3 billion cap is exhausted, the program is due to sunset.

**SEIA supports the Administration's proposed \$5 billion in additional funding for the Sec 48C program.**

**An improved tax incentive for solar manufacturing will create long-term growth and U.S. jobs.**

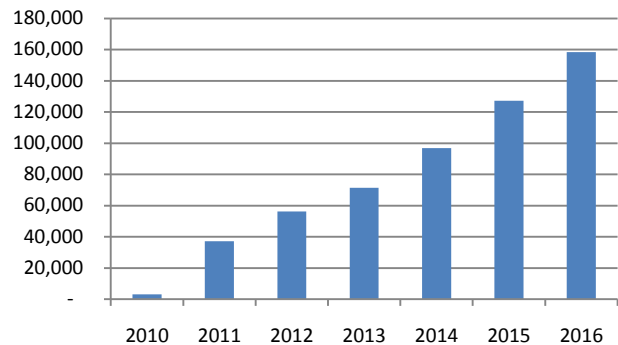
- Independent consulting firm EuPD Research analyzed the economic impact in the U.S. during 2010-2016 of amending Section 48 to include solar manufacturing equipment. The results of the study show that nearly 160,000 domestic jobs would be created by 2016 as a result of this policy change. Additionally, 2,000 MW of additional solar PV would be installed in 2016.<sup>1</sup>
- **Solar energy creates more jobs per megawatt of energy produced than any other form of energy (renewable or fossil).** Tax incentives to support U.S. solar manufacturing will ensure a strong solar manufacturing base and maximize renewable energy employment.
- Amending Section 48 (the commercial solar ITC) to include solar manufacturing equipment would create a generally available and immediately reliable 30 percent credit for the tools used to create solar panels.
- New U.S. solar manufacturing facilities could begin construction soon after date of enactment with the 30 percent credit definitively in their financial calculations. Firms would have an incentive to make their investments early in order to capitalize on the grant program, greatly increasing the amount of investment and new jobs in the near-term.
- The solar industry also strongly supports the extension of the Sec 48C program and the Administration’s proposed funding level of \$5 billion.

**Additional PV Installations Supported by Amending 48C<sup>1</sup>**



Data: EuPD Research May 2010

**Additional U.S. Jobs Supported by Amending 48C<sup>1</sup>**



Data: EuPD Research, May 2010

<sup>1</sup> These are jobs and installations supported by the solar industry above baseline forecasts. This estimate is for solar energy only, it does not account for the impact of other renewable energy technologies. Read the full report at [http://seia.org/galleries/pdf/EuPD\\_Research\\_Solar\\_Report.pdf](http://seia.org/galleries/pdf/EuPD_Research_Solar_Report.pdf).

**About the Solar Energy Industries Association**

Established in 1974, the Solar Energy Industries Association is the national trade association of the U.S. solar energy industry. As the voice of the industry, SEIA works with its 1,000 member companies to make solar a mainstream and significant energy source by expanding markets, removing market barriers, strengthening the industry and educating the public on the benefits of solar energy.

For a referenced version of this factsheet and more information, please visit [www.seia.org](http://www.seia.org).