

Solar Tax Incentives



Key Provisions of the House Bill:

- Eight-year extension of the 30% business ITC under Section 48;
- Elimination of the existing \$2,000 limit on the 30% residential solar ITC under Section 25D;
- Permit corporate and individual taxpayers to claim the ITC against the Alternative Minimum Tax (AMT); and
- Elimination of the public utility exception to the ITC.

Key Provisions of the Senate Bill

- Eight-year extension of the 30% business ITC under Section 48;
- Six-year extension of the 30% residential ITC under Section 25D;
- Doubling of the existing limit on residential solar ITC to \$4,000 under Section 25D; and
- Elimination of the public utility exception to the ITC.

What the Solar Industry Needs

- Eight-year extension of the 30% business ITC under Section 48;
- Six-year extension of the 30% residential ITC under Section 25D;
- Elimination of the existing \$2,000 limit on the 30% residential solar ITC under Section 25D;
- Permit corporate and individual taxpayers to claim the ITC against the Alternative Minimum Tax (AMT); and
- Elimination of the public utility exception to the ITC.



Why a Long-Term Extension is Critical

- **Lead Time for Development.** Similar to other emerging energy technologies such as clean coal and nuclear, large-scale concentrating solar power (CSP) plants and new solar manufacturing plants require long lead times that far exceed the 1-year time period remaining from the 2005 energy bill and 2006 extenders act. Development of a CSP plant can take 3-6 years, while new PV manufacturing facilities require 3-5 years to be completed.
- **Financing new solar projects is more complex than conventional power plants** because of the unfamiliarity of the lending industry with the technology. On average, financing can take an additional 12 months for project development. Political certainty - in the form of a longer term for the ITC - is needed to help reduce the cost of capital for these projects.

Benefits of Solar Energy

- **Energy Security.** Solar helps to stabilize the grid, provide clean, reliable power, and reduce the impact of natural disasters or terrorist acts. Producing these home-grown technologies in the U.S. will reduce our dependence on foreign sources of energy, while at the same time lowering the cost of energy to consumers.
- **Peak Energy.** Reduction in the use of high cost natural gas can be best achieved with expanded use of solar technologies. In most parts of the US, peak electric loads occur when solar electricity is near optimal efficiency (9 AM - 6 PM). Those loads are almost exclusively served by central station gas generation, often the least efficient gas generation. An 8-year extension of the ITC will displace over 4 trillion cubic feet of natural gas and save consumers over \$32 billion.
- **Job Creation.** Solar systems require high-tech manufacturing facilities and produce well paying, high-quality jobs. Extending the tax credit will create an estimated 55,000 new jobs in the solar industry and over \$45 billion in economic investment.
- **Clean Energy.** Solar energy is the cleanest of all renewable energy sources, producing electricity and thermal energy with zero emissions, no waste byproducts and no water use.



Solar Energy Industries Association (SEIA) is the national trade association for the solar industry. We work to expand markets, strengthen research and development, remove market barriers, and improve education and outreach for solar.