



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Rhone Resch
President and CEO
Solar Energy Industries Association
505 9th St., N.W.
Suite 800
Washington, DC 20004

Dear Mr. Resch:

As you are likely aware, due to the failure of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President on Friday March 1, 2013 was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year. As partners with the U.S. Department of the Treasury (Treasury) we wanted to provide you with timely and clear information about how these unfortunate budget cuts impact us, and in turn what it means for your members that have applied for funding under the Section 1603 program. Please share this information with your membership as you deem appropriate.

At this time, Treasury is implementing a reduction to all Section 1603 awards for the remainder of the fiscal year (through September 30, 2013) in the amount of 8.7 percent. These reductions will continue for the duration of sequestration. The sequestration reduction rate will be applied until the end of the fiscal year, at which time the sequestration rate is subject to change.

Treasury will continue to review applications and make determinations in accordance with current practice. Applicants are reminded that the amount of their Section 1603 claim must be calculated in accordance with the Section 1603 Program Guidance and the laws applicable to calculating basis for federal tax purposes. Applicants may not adjust claims to account for the impact of sequestration.

Thank you for your continued partnership with the Treasury and for your cooperation as we work together to manage these unfortunate circumstances.

Sincerely,

Richard L. Gregg
Fiscal Assistant Secretary