July 18, 2013

Dear Senator:

On behalf of our one thousand member companies, the Solar Energy Industries Association [SEIA] would like to share our views regarding the Senate Finance Committee's efforts to reform the federal tax code. SEIA's primary focus in tax reform is our strong support for maintaining the investment tax credit [ITC] in Sections 48 and 25D of the Internal Revenue Code, and replacing the current "placed in service" requirement with a standard based on beginning of construction to allow solar businesses to make full and effective use of the ITC. In addition to the ITC, SEIA is also supportive of other broader tax provisions that benefit multiple American industries such as Modified Accelerated Cost Recovery Systems [MACRS] and expanding Master Limited Partnerships [MLPs] to allow use by renewable energy sources.

The ITC has been tremendously successful in stimulating strong economic growth, creating tens of thousands of American jobs, expanding solar installations across the country and driving energy down prices for American consumers. The ITC enables the continued development of renewable solar energy, thus reducing our dependence on foreign energy sources and strengthening our national security. The ITC helps create a clean, diversified, reliable, and affordable supply of domestic energy, strengthening our economic security. Finally, the ITC drives solar deployment, reducing carbon emissions from domestic electricity production and protecting our global environment.

Under the process announced by Senate Finance Committee Chairman Max Baucus and Ranking Republican Orrin Hatch in their June 27th Dear Colleague letter, Senators have until July 26th to submit letters and supporting materials expressing their views on tax reform issues to the Senate Finance Committee. If you intend to submit your own letter to the Committee, SEIA member companies would greatly appreciate your including preservation and reform of the solar ITC as one of your items for the Committee's consideration. Below is a suggested bullet point for your letter:

> **The Solar Investment Tax Credit [ITC] in Sections 48 and 25D of the Internal Revenue Code should be continued and the current "placed in service" requirement should be replaced with a standard based on beginning of construction to allow solar businesses to make full and effective use of the ITC.**

While maintaining the ITC and changing it to a commence construction standard is SEIA's top tax reform priority, we support continuing the current law depreciation treatment for clean energy assets under MACRS. The current five-year recovery period for solar property plays an essential role in financing solar projects by reducing the cost of capital and the effective tax rate on returns – thus spurring additional investment in solar property. Moving to a depreciation system based on economic lives would dramatically impede the solar industry's rapid growth and its ability to continue to create high-value jobs.

505 9th Street, NW · Suite 800 · Washington, DC 20004 · 202.682.0556(T) · 202.682.0559(F) · www.SEIA.org

Finally, some of our SEIA members are very interested in the potential for Master Limited Partnerships [MLPs] to provide additional sources of capital investment in solar projects. Under present law, renewable energy resources are generally excluded from using MLPs. Senator Chris Coons' bill [S.795] to extend the MLP structure to renewable energy projects is a step in the right direction toward potentially opening new avenues of funding for solar developers. However, MLPs should not be considered a substitute for the highly successful ITC.

Thank you for your continued support of the more than 119,000 American workers and over 5,600 companies in all 50 states that make up our growing, domestic solar industry.

Sincerely,

Rhone Resch, President and CEO
Solar Energy Industries Association [SEIA]