

PROVISIONS IN H.R. 1424
Emergency Economic Stabilization Act of 2008
BENEFITTING THE U.S. SOLAR ENERGY MARKET AND
BUSINESSES, UTILITIES, AND HOMEOWNERS THAT
INSTALL SOLAR ENERGY SYSTEMS

Provisions Directly Benefitting the Solar Industry:

Long-term Extension of Business Solar Investment Tax Credit

The bill extends the 30 percent investment tax credit for solar energy through 2016. The bill allows alternative minimum tax (AMT) filers and public utilities to claim the business solar investment tax credits. (Current law prevents AMT filers and utilities from claiming these tax credits). Companies and utilities that put solar energy property in service in the U.S. will receive a credit against their income tax liability (including AMT) in the amount of 30 percent of the cost of their installation costs, including solar energy equipment and labor. *The estimated cost of this proposal is \$1.942 billion over 10 years.*

Long-term Extension and Modification of the Residential Solar Investment Tax Credit.

The bill extends the credit for residential solar property for 8 years through 2016. It also removes the cap on the credit (currently \$2,000), effective for solar electric property placed in service after December 31, 2008. The bill allows individual taxpayers to use the credit to offset AMT liability, and to carry unused credits forward to the next succeeding taxable year. Thus, individuals who install residential solar electricity or heating and cooling equipment in the U.S. will receive a credit against their income tax liability (including AMT) in the amount of 30 percent of the installed cost, including equipment and labor. *The estimated cost of this proposal is \$1.294 billion over 10 years.*

New Clean Renewable Energy Bonds (“CREBs”)

The bill authorizes \$800 million of new clean renewable energy bonds to finance facilities that generate electricity from renewable resources, including: solar, wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, qualified hydropower, landfill gas, marine renewables and trash combustion facilities. This \$800 million authorization will be allocated as follows: 1/3 will be used for qualifying projects of State/local/tribal governments; 1/3 for qualifying projects of public power providers; and 1/3 for qualifying projects of electric cooperatives. The bill also extends the termination date for existing CREBs by one year. Thus, State and local governments, public power providers and electric cooperatives will be allowed to issue CREBs to finance new renewable electric power facilities, including solar installations, through December 31, 2009. *The estimated cost of this proposal is \$267 million over 10 years.*

Provisions Indirectly Benefitting the Solar Industry:

Extension of Energy-Efficient Buildings Deduction

Current law allows taxpayers to deduct the cost of energy-efficient property installed in commercial buildings. The amount deductible is up to \$1.80 per square foot of building floor area for property installed in commercial buildings as part of: (i) interior lighting systems, (ii) heating, cooling, ventilation, and hot water systems, or (iii) the building envelope. Expenditures must be certified as being installed as part of a plan designed to reduce the total annual energy and power costs with respect to the interior lighting systems, heating, cooling, ventilation, and hot water systems of the building by 50 percent or more in comparison certain established standards. The bill extends the energy efficient commercial buildings deduction for five years, through December 31, 2013. *The estimated cost of this proposal is \$891 million over 10 years.*

Qualified Energy Conservation Bonds

The bill creates a new category of tax credit bonds, "Qualified Energy Conservation Bonds" (QECBs) to finance State and local government initiatives designed to reduce greenhouse emissions. QECBs can be issued to finance capital expenditures incurred for: (1) reducing energy consumption by at least 20 percent; (2) implementing green community programs; and (3) rural development involving the production of electricity from renewable resources. The bonds can also be used to finance research facilities and provide research grants for, among other things, technologies to reduce peak use of electricity. There is a national limitation of \$800 million, allocated to States, municipalities and tribal governments. *The estimated cost of this proposal is \$276 million over 10 years.*

Research and Development Tax Credit

The bill would extend the research and development tax credit equal to 20 percent of the amount by which a taxpayer's qualified research expenditures for a taxable year exceed its base amount for that year. The provision expired December 31, 2007. The proposal would extend current law through the end of 2009. In addition, the proposal would increase the alternative simplified credit from 12 percent to 14 percent for the 2009 tax year and repeal the alternative incremental research credit for the 2009 tax year. The proposal is effective for amounts paid or incurred after December 31, 2007. Thus, research expenditures incurred by the solar energy industry would qualify for the credit. *The estimated cost of this proposal is \$19.084 billion over ten years.*