



SEIA Member Briefing: Analysis of Anticipated Tax Proposals in 2025

December 19, 2024

Experts on this Webinar

- **Abigail Ross Hopper**, president and CEO, SEIA
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- **Sean Gallagher**, senior vice president of policy, SEIA
- **Erin Duncan**, vice president of Congressional affairs, SEIA
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- **Justin Baca**, vice president of markets and research, SEIA





2025 Congressional Affairs American Energy Credit Preservation

Erin Duncan

Vice President of Congressional Affairs

Anticipated Tax Proposals

Republican Trifecta

- Republicans will kick off the 119th Congress with a five-seat majority in the U.S. House of Representatives — the smallest margin of control in modern history.
- Three Republican seats are expected to be vacant in early 2025 until special elections are held.
- Republicans hold 53 of 100 seats, with a potential tiebreaking vote from incoming Vice President JD Vance.

Reconciliation

- Reconciliation is a parliamentary technique that allows legislation to pass with a simple majority in the US Senate (normally 60 votes are required to proceed with legislation).

Anticipated Tax Proposals

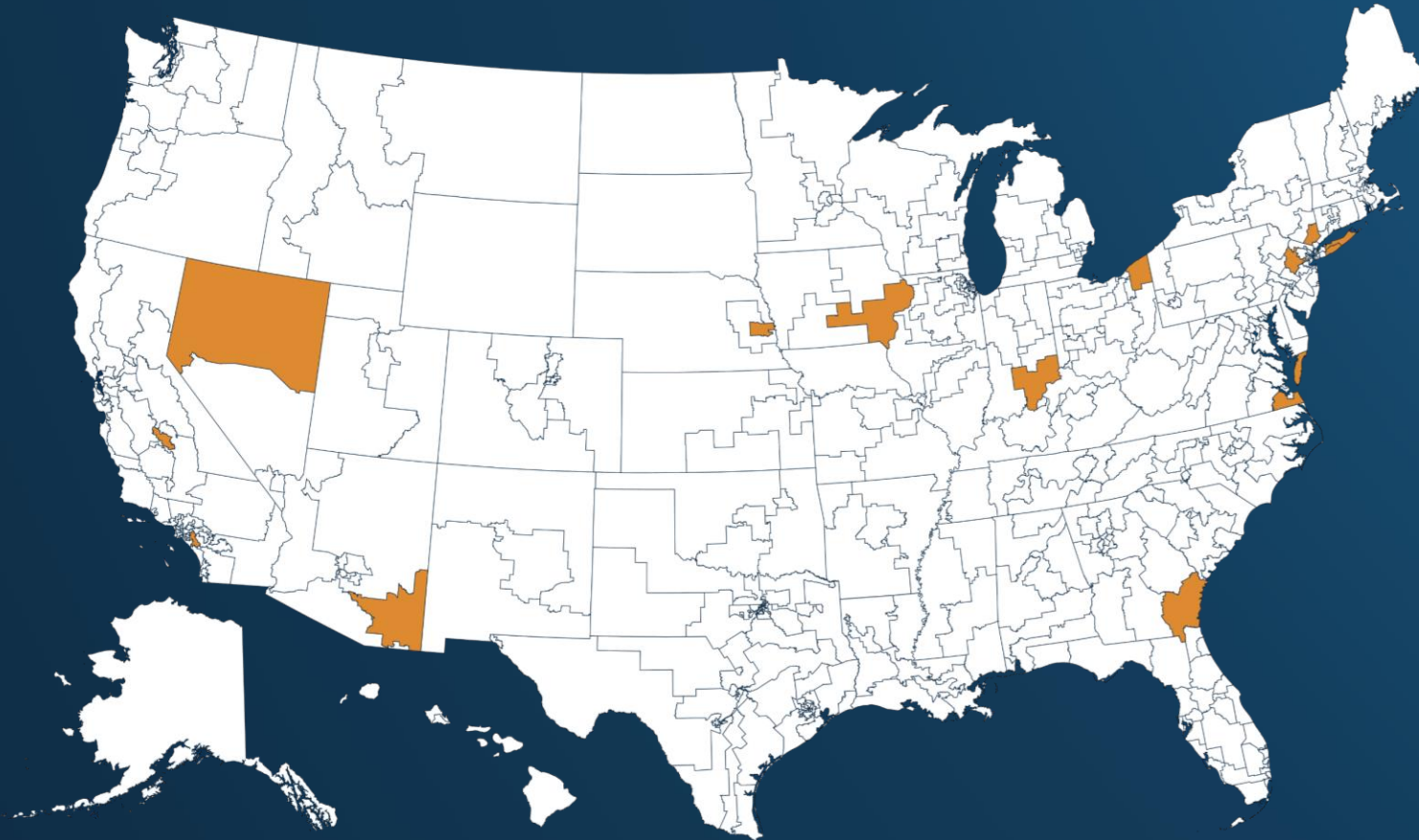
Tax Cuts and Jobs Act

- On December 31, 2025, the Tax Cuts and Jobs Act expires (passed in 2017).
- Some in Congress want to pay for this tax bill with offsets. This proposal will include cuts to programs, including tax credits in the Inflation Reduction Act.

Outstanding Questions

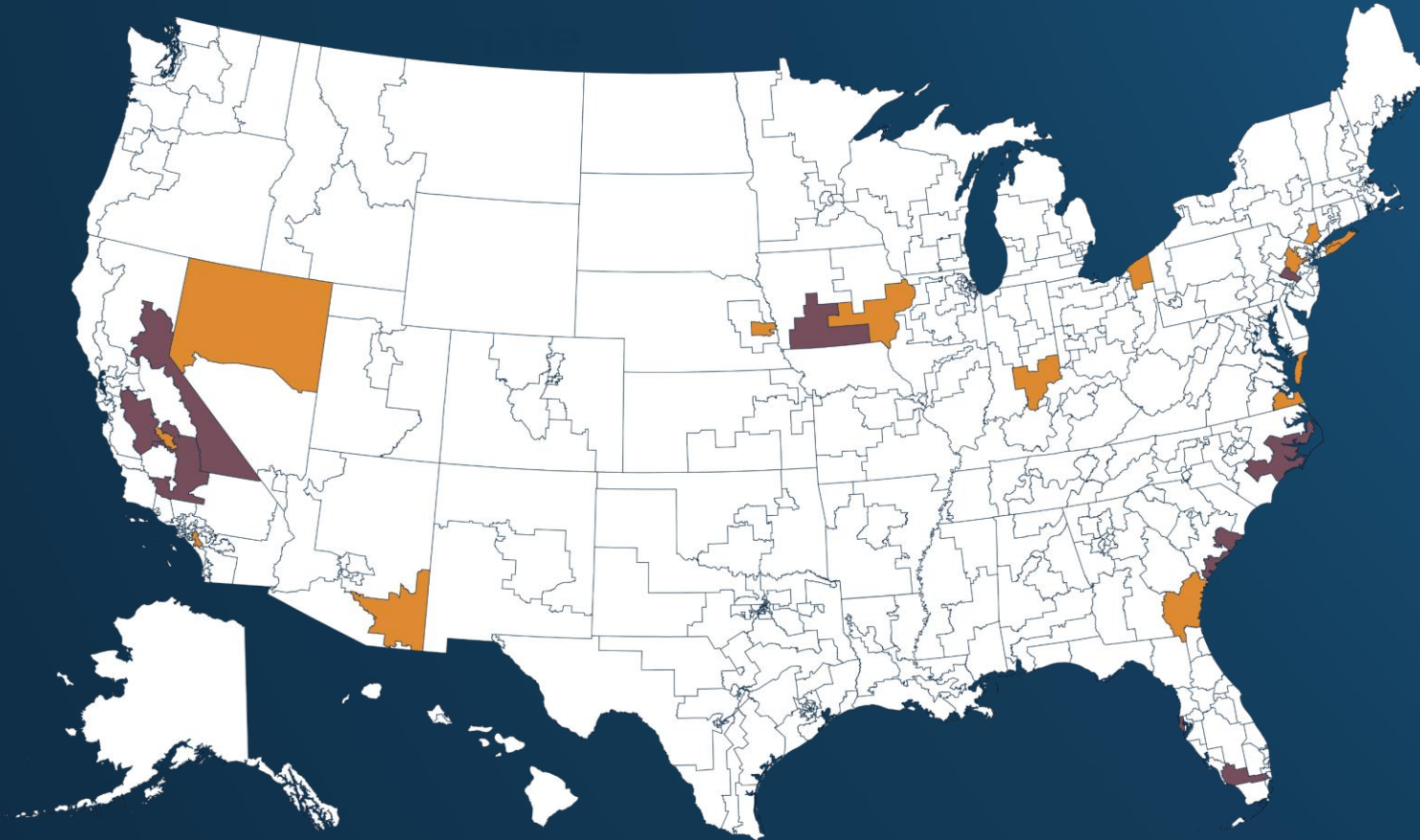
- How will reconciliation unfold next year? Will it be one bill or two?
- Yesterday, a group of Trump-aligned US Senators sent a letter calling for two reconciliation bills, with tax going later in the year.
- Majority Leader Thune has also expressed this is his preference. Some House members, including Ways and Means Chair Jason Smith, feel differently.

Target House Districts: Layer 1



**Garbarino Letter
Signers**

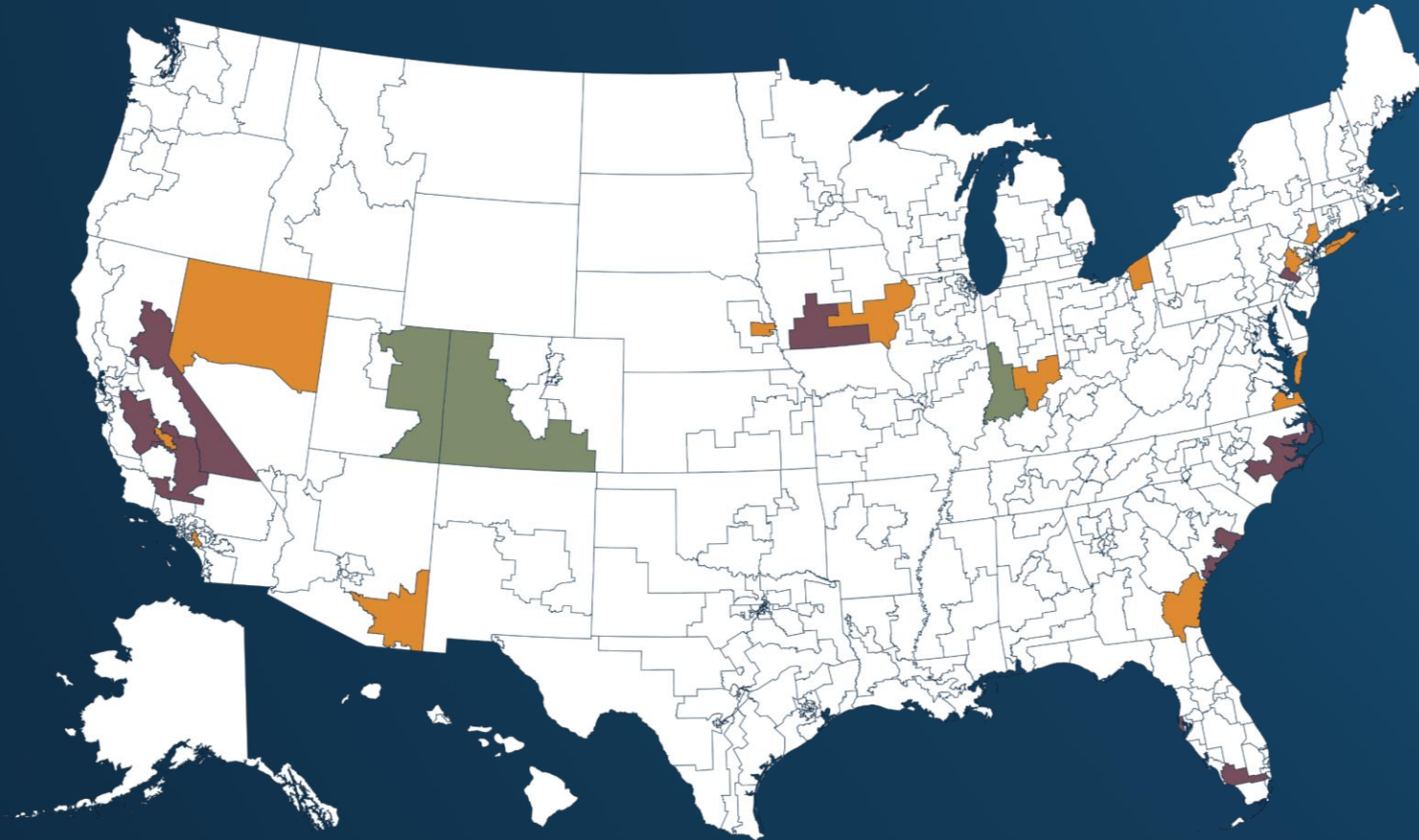
Target House Districts: Layer 2



**Garbarino Letter
Signers**

**Clean Energy
Persuadables**

Target House Districts: Layer 3

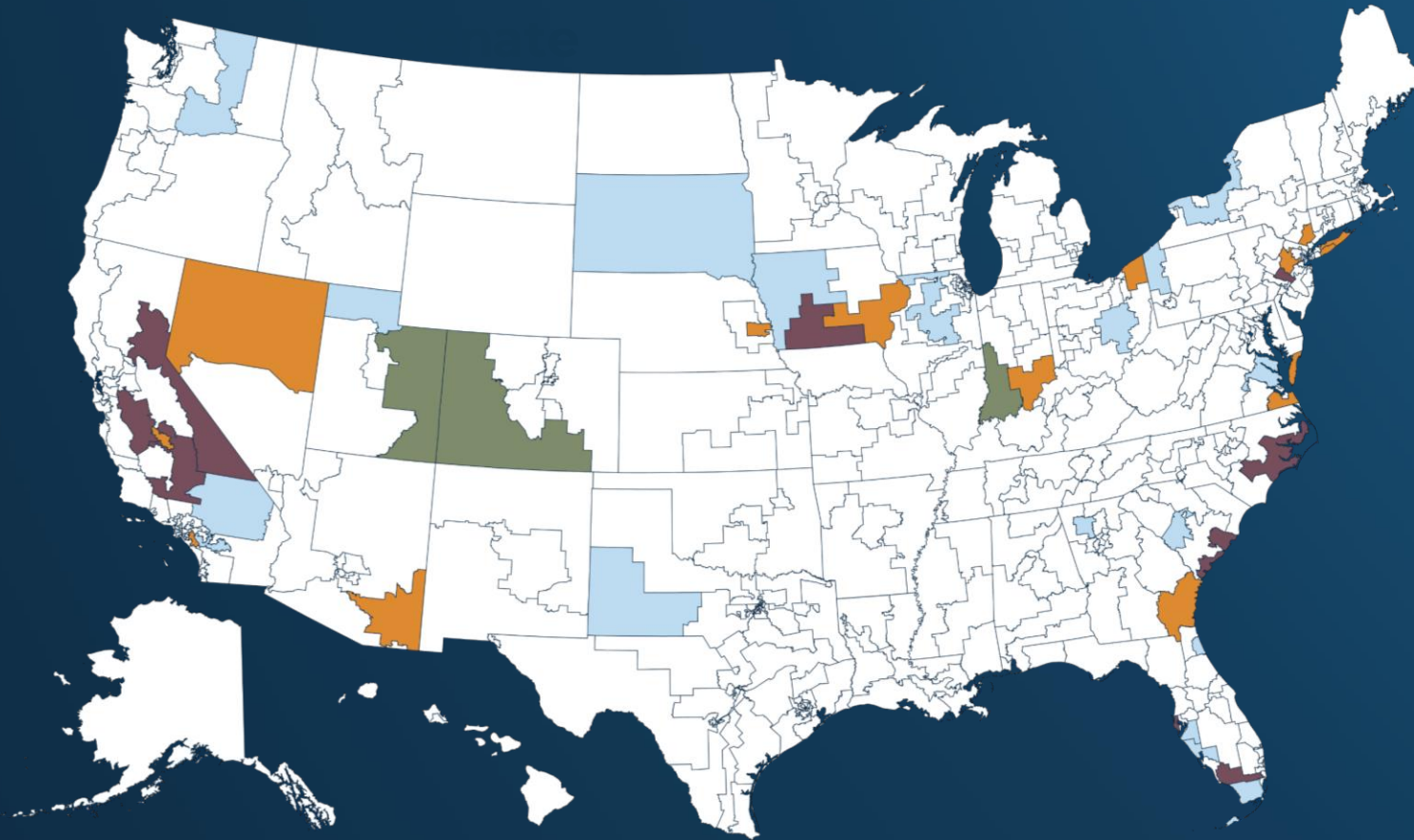


**Garbarino Letter
Signers**

**Clean Energy
Persuadables**

**Newly-Elected
Members**

Target House Districts: Layer 4



Garbarino Letter Signers

Clean Energy Persuadables

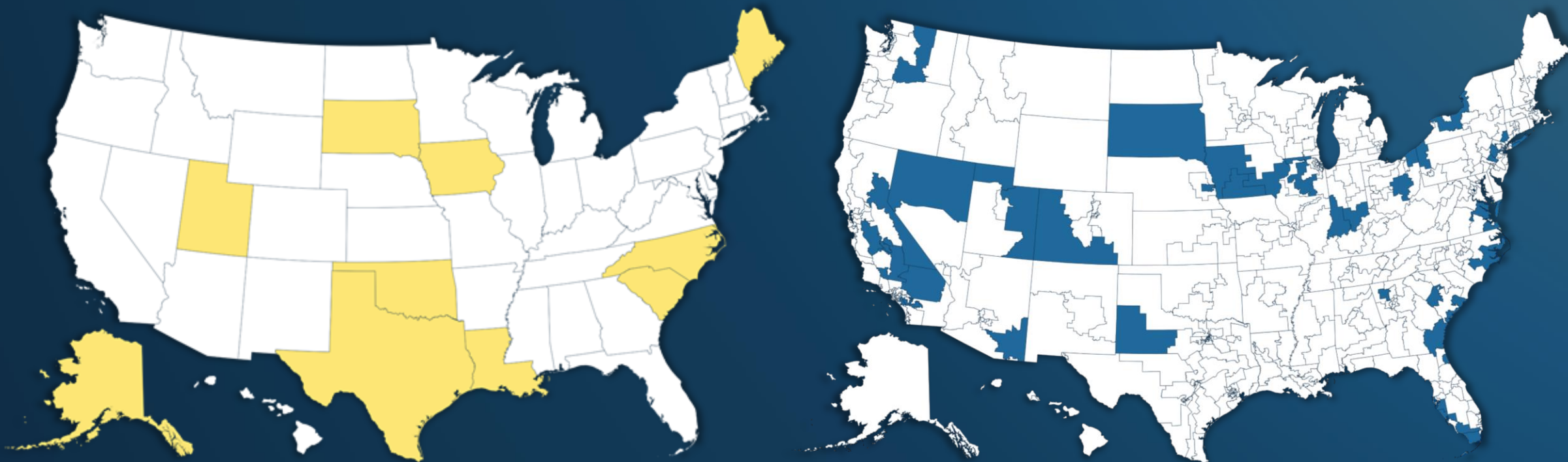
Newly-Elected Members

Reach Targets

119th Congress: Clean Energy States & Districts

Senate

House of Representatives





IRA Implementation and Regulatory Next Steps

Ben Norris

Vice President of Regulatory Affairs

Status of Key IRA Implementation Issues

Issue	Guidance	Proposed Rules	Final Rules	CRA?
Prevailing wage/apprenticeships			June 2024	No
Low-income communities (sec. 48)			Aug. 2023	No
Transferability and direct pay			March 2024 (direct pay) and April 2024 (transferability)	No
45X			Oct. 2024	Yes
48D (CHIPS Act mfg. ITC)			Oct. 2024	Yes
Section 48 (interconnection and storage ITC, et al.)			Dec. 2024	Yes
45Y/48E (tech neutral)		June 2024	Expected Q4 2024	Yes
Low-income communities (sec. 48E)		Sept. 2024	Expected Q1 2025	Yes
Energy communities	April 2023 and March 2024, et al.	Unlikely before Inauguration Day	-	Yes
Domestic content	May 2023 and May 2024	Unlikely before Inauguration Day; additional guidance expected Q4 2024	-	Yes

Potential Day One Executive Orders

- Revoke E.O. 14008 (Tackling the Climate Crisis at Home and Abroad)
- Direct Department of the Treasury to review all regulations and guidance issued under the Inflation Reduction Act
- Declare a power demand and/or reliability emergency, citing growing demand from A.I. and cryptocurrency mining
- Direct EPA to review all grants under the Greenhouse Gas Reduction Fund
- Deprioritize permits for renewables and transmission on federal lands
- 25% tariff on imports from Mexico and Canada
- 10% tariff on imports from China

Safe Harboring

- Solar projects seeking to claim investment tax credits must consider two key project milestones: when the project **begins construction** and when the project is **placed in service**. Generally speaking, to claim an investment tax credit, a project must be placed in service **by the end of the calendar year that is four years after the project began construction**.
- Under current IRS guidance, there are two ways to demonstrate when a project **begins construction**:

Physical Work Test

A project is deemed to begin construction **when physical work of a significant nature begins**.

Once construction begins, the taxpayer must **maintain a continuous program of construction**.

5% Safe Harbor

A project is deemed to begin construction when the taxpayer pays or incurs **five percent or more of the total project cost** and **makes continuous efforts to advance towards completion**

Safe Harboring

- Once a project begins construction, the taxpayer has **until the end of the calendar year that is four years after the project began construction** to place the project in service and claim the ITC. While interruptions to continuous construction or completion can be excused if certain disruptions occur, generally speaking the four year deadline cannot be extended.
- A project is **placed in service** for purpose of the tax code when it is ready and available for a specific use, regardless of whether or not it is actually put to that use. This definition can differ from industry understanding of placed in service as equivalent to mechanical completion or permission to operate.
- These rules apply to both Section 48 and Section 48E investment tax credits.

Safe Harboring

Begin Construction Date	Placed in Service Deadline
CY2022	End of CY2026
CY2023	End of CY2027
CY2024	End of CY2028
<i>Section 48 sunsets, Section 48E takes effect</i>	
CY2025	End of CY2029
CY2026	End of CY2030

Top 10 Solar Priorities

for the Trump Administration and 119th Congress



American energy dominance

The path to American energy dominance needs an “all of the above strategy” that includes strong solar and battery storage industries.



#1

#2



Eliminate dependence on China

Accelerate reshoring of the solar supply chain to end reliance on China and create new American jobs and export opportunities.

Surge American manufacturing

Support policies to continue the buildout of American solar and storage manufacturing.



#3

#4

Meet the demand challenges of data centers, AI, and crypto

Enable low-cost solar and storage deployment to meet the largest increase in electricity demand since World War II.

Cut red tape in the energy sector

Enact policies to make it easier to connect new power plants to the grid and enable competition from low-cost resources like solar and storage.



#5

#6



Regulatory reform and certainty

Eliminate wasteful regulations that hinder infrastructure investments on public lands and stifle competition.

Keep taxes low

Maintain tax policies in order for the solar and storage industry to continue to support local jobs, factories, and economies.



#7

#8



Support energy choice and energy freedom

Protect consumers' right to choose solar and home batteries, ensuring they have the freedom to control their own energy usage.

Bring more jobs to America's heartland

Continue incentivizing solar development in rural areas to strengthen local economies and create jobs.

#9

#10



Protect private property rights

Uphold property rights by preventing government overreach that restricts the ability of Americans to use their land or roofs for solar.

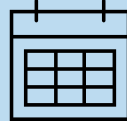
Take Action!



Sign the Letter

Add your company to our sign on letter telling Congress to defend energy incentives

Scan the QR Code or visit seia.org/defendincentives



Attend Lobby Day

Join us in Washington, DC on **February 5, 2025** for a lobby day on the Hill



Host a Field Event

Host a **ribbon cutting** or arrange a **site visit** and invite local and national leaders to celebrate energy progress and the real-world impact of these incentives



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