

## **EXTENDING THE SOLAR INVESTMENT TAX CREDIT (ITC)**

### **POSITION**

On September 24, 2015, the Chamber's Board of Directors voted to **SUPPORT** the continuation of the Investment Tax Credit (ITC) for solar, wind and alternative fuel vehicle projects noting that it is critical to reducing dependence on fossil fuel electric generation, and meeting federal greenhouse gas reduction goals.

In the past, the Chamber has advocated for Congress to increase funding and expand tax credits for programs that diversify our energy sources; promote energy efficiency in consumer products and manufacturing; and invest in emerging technologies.

***Status:*** The ITC is set to expire on December 31, 2016. A 2015 attempt to receiving an extension for the program was unsuccessful. Supporters are continuing to work on securing an extension before the expiration after December 31, 2016.

### **SUMMARY**

The Investment Tax Credit (ITC) is a 30 percent federal tax credit that promotes the use of renewable and solar energy. The tax credit applies to residential and commercial properties that are utilizing solar systems including utility-scale, commercial and residential properties under Section 48. The utility scale tax credit is given to energy efficient property developers. Under Section 25D of the bill, the tax credit will be rewarded to homeowners who purchase and install solar systems in their homes.

Since 2006, the Solar ITC has increased annual solar installations by 1,600 percent according to the Solar Energy Industries Association. As a result, solar energy employment has increased by 86 percent as more jobs are created in this field.

The Solar ITC:

- Serves as an incentive to encourage private sector investment in solar technology
- Provides a reduction of tax liability for both businesses and individuals that utilize qualifying solar systems
- According to the Solar Energy Industries Association, the ITC has allowed for employment in the solar energy industry to increase at a much higher rate than any other field

### **ANALYSIS**

The ITC encourages the installation of solar systems in both commercial and residential communities. As a result, this program contributes to the economic development of the San Diego community as solar energy jobs continue to grow. California, and San Diego, are leaders in the solar industry and benefit from the credit substantially more than the economies of other states. The credit supports San Diego's clean technology industry and further establishes the region's competitive advantage. This will result in ongoing economic benefits for the region.

### **Overview:**

The Solar Investment Tax Credit (ITC) offers a 30 percent tax credit to businesses and individuals that are using renewable energy systems.

Since 2006, the Solar ITC has increased annual solar installations by 1,600 percent according to the Solar Energy Industries Association.

The credit supports the San Diego clean technology industry and further establishes the region's competitive advantage. This will result in ongoing economic impact for the regional economy.