

Residential

Federal personal tax credit

<http://www.energystar.gov/taxcredits>

A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States and used as a residence by the taxpayer. Expenditures with respect to the equipment are treated as made when the installation is completed. If the installation is at a new home, the "placed in service" date is the date of occupancy by the homeowner. Expenditures include labor costs for on-site preparation, assembly or original system installation, and for piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year. The excess credit may be carried forward until 2016, but it is unclear whether the unused tax credit can be carried forward after then. The maximum allowable credit, equipment requirements and other details vary by technology, as outlined below.

- There is no maximum credit for systems placed in service after 2008. The maximum credit is \$2,000 for systems placed in service before January 1, 2009.
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016.
- Equipment must be certified for performance by the Solar Rating Certification Corporation (SRCC) or a comparable entity endorsed by the government of the state in which the property is installed.
- At least half the energy used to heat the dwelling's water must be from solar in order for the solar water-heating property expenditures to be eligible.
- The tax credit does not apply to solar water-heating property for swimming pools or hot tubs.
- The home served by the system does *not* have to be the taxpayer's principal residence

New york state personal tax credit

<http://www.tax.state.ny.us>

Enacted in August 1997, this personal income tax credit originally applied to expenditures on solar-electric (PV) equipment used on residential property. The credit, equal to 25% percent of the cost of equipment and installation, was expanded in August 2005 to include solar-thermal equipment. The solar-thermal provisions apply to taxable years beginning on and after January 1, 2006. The credit is capped at \$3,750 for solar-energy systems placed in service before September 1, 2006, and capped at \$5,000 for solar-energy systems placed in service on or after September 1, 2006.

Solar-energy equipment is defined as "an arrangement or combination of components utilizing solar radiation, which, when installed in a residence, produces energy designed to provide heating, cooling, hot water or electricity." The credit may not be used for pool heating or other recreational applications. Any amount of credit that exceeds a taxpayer's liability in a given tax year may be carried forward for the five following taxable years. Any portion of the system cost provided by a non-taxable federal, state, or local grant is not eligible for this credit.

Systems must comply with the 10 kW capacity limit on residential, net-metered solar-energy systems*. In 2007, legislation was passed increasing the capacity limit to 50 kW for condominiums and cooperative housing associations. In addition, members of condominium management associations and tenant stockholders of cooperative housing associations are now allowed to claim a proportionate share of the total system expense towards the tax credit. These changes took effect beginning in the 2007 tax year, but as with other portions of the tax credit, they do not have an expiration date.

**The language of the tax credit generally requires that PV systems conform to the state's net metering law, thereby limiting system size to 10 kW. In August 2008, the state net metering law was expanded by [S.B. 7171](#) to permit net metering for residential PV systems up to 25 KW. It is unclear at this point whether the state intends for the new net metering limits to apply to the tax credit described above. The 2009 Solar Tax Credit [Form IT-255](#) does not specifically address this issue.*

NYSERDA state rebate program incentives

<http://www.nyserda.org>

The New York State Energy Research and Development Authority (NYSERDA) offers incentives for the installation of solar water heating systems to residential and non-residential customers of the state's major investor-owned utilities. The program is part of the Customer-Sited Tier (CST) of the state renewable portfolio standard (RPS) affecting electric utilities, thus systems must generally supplement an electric water heater in order to qualify for the program. Both existing buildings and new construction are eligible for incentives. Otherwise eligible customers that use a fossil fuel (propane, natural gas, or oil) for water heating may be eligible for a small amount of non-RPS funding (contact NYSERDA for details and information on funding availability).

Incentives are based on the amount of electricity displaced by the solar water heating system. The incentive is set at \$1.50 per annual kilowatt-hour (kWh) displaced, up to \$4,000 for residential systems and \$25,000 for non-residential systems. The value for kWh displaced is based on the SRCC OG-300 estimate of system production and/or standard industry software such as RETScreen, or SolarPathfinder thermal program. The installer must analyze each system for energy production losses associated with shading, system orientation, tilt, etc. and provide this information to NYSERDA with the application. Incentive levels may be revised every two months based on program demand and market conditions.

Commercial

Federal corporate tax credit

<http://www.irs.gov>

The credit is equal to 30% of expenditures, with no maximum credit. Eligible solar energy

property includes equipment that uses solar energy to generate electricity, to heat or cool (or provide hot water for use in) a structure, or to provide solar process heat. Hybrid solar lighting systems, which use solar energy to illuminate the inside of a structure using fiber-optic distributed sunlight, are eligible. Passive solar systems and solar pool-heating systems are *not* eligible. (The Solar Energy Industries Association has published a [three-page document](#) that provides answers to frequently asked questions regarding the federal tax credits for solar energy.) Credits are available for eligible systems placed in service on or before December 31, 2016.

*Note: The American Recovery and Reinvestment Act of 2009 allows taxpayers eligible for the federal [renewable electricity production tax credit](#) (PTC)** to take the federal business energy investment tax credit (ITC) or to receive a [grant](#) from the U.S. Treasury Department instead of taking the PTC for new installations. The new law also allows taxpayers eligible for the business ITC to receive a [grant](#) from the U.S. Treasury Department instead of taking the business ITC for new installations. The grant is only available to systems where construction begins prior to December 31, 2011. The Treasury Department issued [Notice 2009-52](#) in June 2009, giving limited guidance on how to take the federal business ITC instead of the federal renewable electricity production tax credit.*

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Agricultural

USDA - rural development grants & loans (reap funding)

<http://www.rurdev.usda.gov/ny >

The program supports **agricultural producers** and **rural small businesses**. An **agricultural producer** is an individual or entity directly engaged in the production of agricultural products that obtains at least 50 percent or greater of their gross income from their agriculture business. A **small business**

is entity considered a small business in accordance with the Small Business Administration's (SBA) small business size standards (using NAICS codes). SBA standards can be found at <http://www.sba.gov/size/index.html>

. If a farm operation does not meet the program definition of an agricultural producer, it may apply as a rural small business, provided that it meets the applicable SBA standard.

- A private entity including a sole proprietorship, partnership, corporation and a cooperative (including a cooperative qualified under section 501 (c) (12) of the Internal Revenue

Code.)

An electrical utility, including a Tribal or governmental electric utility that provides service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district, provided such utilities meet SBA's definition of small business. These entities must operate independent of direct government control. With the exception of the entities described above, non-profit organizations and public entities are excluded.