



MEMORANDUM IN SUPPORT OF
S.8009-B (Part HH) – Senate One-House Budget
In relation to the solar energy system equipment tax credit

March 14, 2022

New York Solar Energy Industries Association (NYSEIA) strongly supports S.8009-B Part HH to enhance the [Solar Energy System Equipment Tax Credit](#) and make it more equitable for all New Yorkers.

This bill would increase the maximum tax credit amount to \$10,000 while maintaining the 25% system cost limit; include paired energy storage equipment as eligible systems; update unnecessarily restrictive language regarding cooperatives and condominiums; and remove the requirement that only primary residences are eligible while maintaining the one credit per taxpayer limit. NYSEIA also strongly supports a provision be added to eliminate the carry over limit and make the solar tax credit refundable for low-to-moderate income residents.

Increasing the maximum amount of the solar tax credit is necessary to accommodate increased State solar targets in light of increasing labor costs and competing market dynamics. Also, energy storage will be a critical component of a 100% zero-carbon electric grid and including it in the solar tax credit is a concrete step to help incentivize solar systems be paired with energy storage systems, providing significant resiliency benefits for New York's electrical grid.

Making the solar tax credit refundable for low-to-moderate income New Yorkers and eliminating the carry over limit will increase equitable access to solar. Without these provisions, the credit is less effective for residents with limited tax liability, reducing the value proposition and serving as a structural barrier to solar energy. Furthermore, cooperatives and condominiums, along with second homeowners whose primary residence is not amenable to solar development, are currently subject to antiquated limitations. Removing these barriers and increasing availability to the solar tax credit will help more New York residents join in the clean energy transition.

New York needs a robust distributed solar industry to meet the goals of the Climate Leadership and Community protection Act (CLCPA). With costs on the rise for equipment and labor, and the Customer Benefit Contribution charge now in effect, the value proposition is shrinking for new solar customers. The solar tax credit should be updated to account for these inflationary headwinds and to make the benefits of solar energy more equitable and accessible. Doing so would help maintain our momentum and leadership in the movement to a cleaner and more advanced electrical grid and keep solar industry jobs growing in New York.

For the above reasons, NYSEIA supports S.8009-B (Part HH) and urges its passage. For information about this memorandum of support, please contact Zack Dufresne, Executive Director, at (c) 518.522.6582, zack@nyseia.org.



Proposed NYS Residential Solar Tax Credit Language
S.8009-B
Part HH

(g-1) Solar energy system equipment credit. (1) General. An individual taxpayer shall be allowed a credit against the tax imposed by this article equal to twenty-five percent of qualified solar energy system equipment expenditures, except as provided in subparagraph (D) of paragraph two of this subsection. This credit shall not exceed three thousand seven hundred fifty dollars for qualified solar energy equipment placed in service before September first, two thousand six, ~~and~~ five thousand dollars for qualified solar energy equipment placed in service on or after September first, two thousand six ~~and before April first, two thousand twenty-two, and ten thousand dollars for qualified solar energy equipment placed in service on or after April first, two thousand twenty-two.~~

(2) Qualified solar energy system equipment expenditures. (A) The term "qualified solar energy system equipment expenditures" means expenditures for:

(i) the purchase of solar energy system equipment which is installed in connection with residential property which is (I) located in this state and (II) which is used by the taxpayer as ~~[his or her principal]~~ a residence at the time the solar energy system equipment is placed in service;

(ii) the lease of solar energy system equipment under a written agreement that spans at least ten years where such equipment owned by a person other than the taxpayer is installed in connection with residential property which is (I) located in this state and (II) which is used by the taxpayer as ~~[his or her principal]~~ a residence at the time the solar energy system equipment is placed in service; or

(iii) the purchase of power under a written agreement that spans at least ten years whereunder the power purchased is generated by solar energy system equipment owned by a person other than the taxpayer which is installed in connection with residential property which is (I) located in this state and (II) which is used by the taxpayer as ~~[his or her principal]~~ a residence at the time the solar energy system equipment is placed in service.

(B) Such qualified expenditures shall include expenditures for materials, labor costs properly allocable to on-site preparation, assembly and original installation, architectural and engineering services, and designs and plans directly related to the construction or installation of the solar energy system equipment.

(C) Such qualified expenditures for the purchase of solar energy system equipment shall not include interest or other finance charges.

(D) Such qualified expenditures for the lease of solar energy system equipment or the purchase of power under an agreement described in clauses (ii) or (iii) of subparagraph (A) of this paragraph shall include an amount equal to all payments made during the taxable year under such agreement. Provided, however, such credits shall only be allowed for fourteen years after the first taxable year in which such



credit is allowed. Provided further, however, the twenty-five percent limitation in paragraph one of this subsection shall only apply to the total aggregate amount of all payments to be made pursuant to an agreement referenced in clauses (ii) or (iii) of subparagraph (A) of this paragraph, and shall not apply to individual payments made during a taxable year under such agreement except to the extent such limitation on an aggregate basis has been reached.

(3) Solar energy system equipment. The term "solar energy system equipment" shall mean an arrangement or combination of components utilizing solar radiation, which, when installed in a residence, produces and stores energy designed to provide heating, cooling, hot water or electricity for use in such residence. Such arrangement or components shall not include equipment connected to solar energy system equipment that is a component of part or parts of a non-solar energy system or which uses any sort of recreational facility or equipment as a storage medium. Solar energy system equipment that generates and stores electricity for use

in a residence must conform to applicable requirements set forth in section sixty-six-j of the public service law. Provided, however, where solar energy system equipment is purchased and installed by a condominium management association or a cooperative housing corporation, for purposes of this subsection only, the term "ten kilowatts" in such section sixty-six-j shall be read as "fifty ten kilowatts multiplied by the number of owner-occupied units in the cooperative or condominium management association."

(4) Multiple taxpayers. Where solar energy system equipment is purchased and installed in a [principal] residence shared by two or more taxpayers, the amount of the credit allowable under this subsection for each such taxpayer shall be prorated according to the percentage of the total expenditure for such solar energy system equipment contributed by each taxpayer.

(5) Proportionate share. Where solar energy system equipment is purchased and installed by a condominium management association or a cooperative housing corporation, a taxpayer who is a member of the condominium management association or who is a tenant-stockholder in the cooperative housing corporation may for the purpose of this subsection claim a proportionate share of the total expense as the expenditure for the purposes of the credit attributable to his [principal] or her residence.

(6) Grants. For purposes of determining the amount of the expenditure incurred in purchasing and installing solar energy system equipment, the amount of any federal, state or local grant received by the taxpayer, which was used for the purchase and/or installation of such equipment and which was not included in the federal gross income of the taxpayer, shall not be included in the amount of such expenditures.

(7) Limitation; one residence. An eligible taxpayer shall only be allowed to apply the credit provided for in this subsection to one residence of such taxpayer.

(78) When credit allowed. The credit provided for herein shall be allowed with respect to the taxable year, commencing after nineteen hundred ninety-seven, in which the solar energy system equipment is placed in service.



(9) Carryover of credit **and refundability**. If the amount of the credit, and carryovers of such credit, allowable under this subsection for any taxable year shall exceed the taxpayer's tax for such year, such excess amount may be carried over to the ~~[five taxable years next following the taxable]~~ following year or years with respect to which the credit is allowed and may be deducted from the taxpayer's tax for such year or years. **For taxable years beginning on or after April first, two thousand twenty-two, if the amount of credit allowable under this subsection shall exceed the taxpayer's tax for such year, and the taxpayer's New York adjusted gross income for such year does not exceed the greater of sixty thousand dollars or eighty percent of the Area Median Income, the excess shall be treated as an overpayment of tax to be credited or refunded in accordance with the provisions of section six hundred eighty-six of this article, provided, however, that no interest shall be paid thereon.**