

Iowa's Solar Energy Tax Incentive

Improving Iowa's economy and environment

Iowa offers an upfront solar tax incentive to encourage local investment in solar energy and the benefits that go with it, including consumer savings and job creation. This tax incentive has opened access to renewable energy for businesses, farmers, and homeowners, led to significant solar growth and helps support over 700 Iowa jobs in the solar industry. Iowa has the opportunity to build on this success and become a leader in solar by maintaining this tax incentive.

Iowa's upfront solar tax incentive background

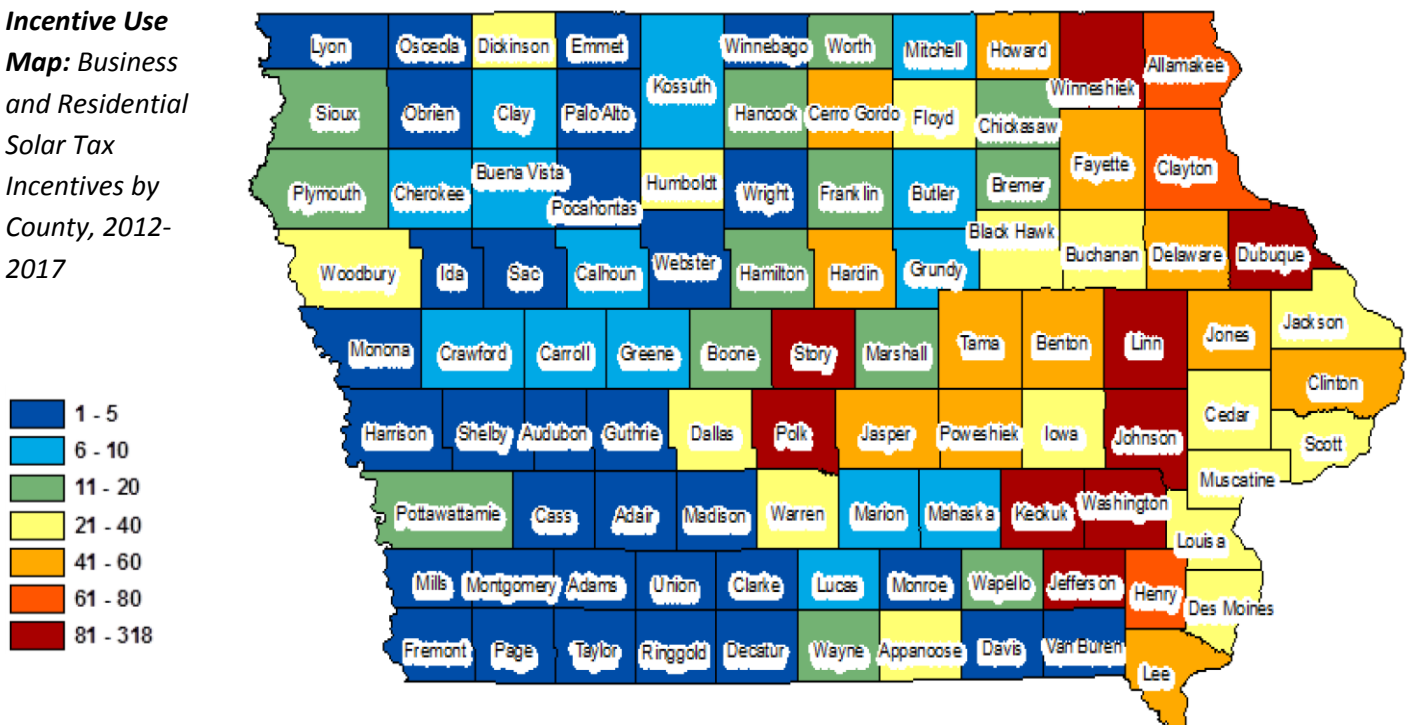
- Iowa created an upfront solar tax incentive in 2012 with bipartisan support and has passed program expansions and improvements on a bipartisan basis three times since then.
- The solar tax incentive currently offsets up to 15% of the cost of a solar project. Combined with the federal investment tax credit, the two credits can offset up to 45% of the cost of a solar system. The credit caps of \$5,000 (residential) and \$20,000 (business) encourage many smaller projects across the state.

Key facts about the upfront solar tax incentive

- Between 2012 and 2017, Iowa provided solar tax incentives of **\$21.6M**, which resulted in **3,395 solar projects** and a **total investment of \$166,369,422**.¹ This number will grow as more 2017 applications are processed.
- The Iowa solar tax incentive has supported **solar projects in every county in Iowa** through 2017.
- This program **has an overall program cap of \$5M** annually. Demand has exceeded this cap in every year since 2013 and there is an ongoing wait list for the program. In fact, on the first day of 2017, 58% of the year's cap was already claimed for projects left on the waiting list from 2016.
- This program is **scheduled to phase out** consistent with the federal solar ITC: full value of the tax credit through 2019, reduced value in 2020 and 2021, and then zero value for residential taxpayers starting in 2022 and a much smaller credit for business taxpayers starting in 2022. The recent federal tax bill maintains the phase-out.
- Rural Iowa benefits: Washington County is leading the way with livestock producers and rural business owners adding solar. Many other leading counties are rural as well.

Incentive Use

Map: Business and Residential Solar Tax Incentives by County, 2012-2017



¹ Solar tax incentive information and map provided by the Iowa Department of Revenue's solar tax credit annual report for 2017 at <https://tax.iowa.gov/report/Reports>.