Iowa Solar: Room to Grow

Iowa’s upfront solar investment credit has encouraged local investment in solar that has helped stabilize energy bills for people and businesses while growing an industry of almost 900 jobs at new and existing small businesses around the state.

BY THE NUMBERS:

- The solar credit currently offsets up to 13% of the cost of a solar project. The credit caps of $5,000 (residential) and $20,000 (business) encourage many smaller projects across the state.

- Between 2012 and 2020, Iowa provided solar tax incentives of $36.6M, which resulted in 6,213 solar projects and a total investment of $291.8M. [1]

- This means the state credit has leveraged about $7 for every $1 of state investment.

POWERING IOWA’S ECONOMY:

The state solar tax credit has also driven solar job growth in Iowa from about 350 jobs in 2015 to almost 900 in 2019.

There are 85 Iowa companies in the solar supply chain that range from very small manufacturers to parts to engineering to installers.

As solar has become more attractive and accessible, the credit has been oversubscribed and become a victim of its own success, limiting investment in solar – especially business investment – and leveling off job growth.

Iowa’s solar credit has been oversubscribed since 2015, resulting in a growing waitlist every year. In 2020, 99.7% of the tax credit cap was committed before the year even started, meaning fewer than five residential projects installed in 2020 will receive 2020 tax credits.

The waiting list for 2021 credits was $6.77 Million as of December 11, 2020. IDOR estimates it will be $8-9 Million by the time eligibility closes for the year, sending applicants deep into 2023. That means customers purchasing solar this year will be waiting at least two years to claim a credit.

**THE SOLUTION**

**PAY DOWN THE CURRENT WAITLIST.**
- This will allow flexibility for people who are eligible for the credit to use it when they need it most as the economy recovers. It will also immediately make credits available for new installations, spurring investment.

**INCREASE THE CAP FROM $5 MILLION TO $10 MILLION PER YEAR.**
- Increasing the cap would boost solar industry job growth, as certainty around increased annual investments would allow solar businesses to hire. Raising the cap would also likely increase solar investments by non-solar businesses that need certainty around when they will receive a tax credit.

**DE-COUPLE IOWA’S CREDIT FROM THE FEDERAL TAX CREDIT AND EXTEND THROUGH 2031.**
- Currently, Iowa’s credit is structured as 50% of the federal credit. Every time Congress acts or fails to act, Iowa’s solar industry is affected. The health of our solar industry and workers should not be reliant on a dysfunctional Washington.