

VIEWPOINT

How businesses benefit from the extended solar tax credit



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Viewpoint By Jim Kurtz

THE CLOSE of 2015 found the solar industry at an interesting point in its evolution. Between new capacity, new jobs and the extension of a key incentive, solar is in the fortunate position of looking back on a year of success, and looking ahead to several years of promise.

Solar is experiencing incredible growth as a source of energy in our country. In fact, 40 percent of all new domestic energy generation added in the first half of 2015, more than any other technology, came from the sun. In addition,

the industry is a key engine of economic growth, witnessing 85 percent job growth between 2010 and 2014, with one out of every 78 new jobs created in the last two years being solar-related.

The big vote and what it means

Perhaps most importantly for the industry's future, Congress voted on Dec. 18 to extend the Federal Investment Tax Credit. This bill guarantees projects that start construction by 2019 will receive the current 30 percent credit through 2019.

The multiyear extension period is smart. If you're going to put money into a policy program, it's wise to spend it in a consistent way to get the greatest return. This window of time will enable more companies to plan how they might best start to benefit from the free fuel from the sun.

To bring this into perspective for organizations considering the move to solar, the ITC tax credit means access to cost-efficient energy at a remarkably low rate. Those who can take advantage of the ITC are locking in effective rates as low as 3 cents per kilowatt hour, far better than any other energy generation method at the moment.

The ITC extension has given everyone welcome room to breathe with their solar planning. Before passage of the bill, industry pundits were anticipating huge demand through 2016 in part because of a race to lock in this incentive before it was significantly reduced. While there is more time to plan and execute on a solar strategy, remember state-level incentive programs, such as those offered in New York and solar renewable energy credits available in Washington and the states of Massachusetts, Maryland, New Jersey, Pennsylvania and other states. Both

have values that are designed to decrease over time.

If you wait, you're also continuing to pay more for other sources until you switch. The longer you delay, the more money is wasted over time. By not acting soon, you're continuing to pay for less clean, more expensive generation sources and missing out on both the free fuel from the sun and the best of the financial incentives, which are available right now.

You have an upfront cost with solar, but then with the 30 percent tax credit and approximately 30 percent in depreciation value, you're typically getting more than 60 percent of that upfront cost back through incentives and depreciation benefits. That's before including state incentives and considering energy savings. When financially oriented managers see the numbers, they quickly appreciate the value of this investment.

Our nation supports solar

The ITC vote reflects the nation's widespread support for solar. More than 90 percent of the U.S. population believes the country should use more solar energy. The country needs and wants this.

No matter where you fall on the climate issue, solar energy generation does not add any particulate matter to the air. Studies show people who live near fossil fuel-burning plants have a higher incidence of certain health ailments. In addition, as utility infrastructure costs continue to rise, electricity costs will continue their upward trend. Simply put, solar is healthier for individuals, the economy, and some would argue, the planet.

If you can install solar at your facility, the numbers are extremely compelling today. In fact, with the tax credit, it's one of the best places to put your money. ■

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