

AHWATUKEE FOOTHILLS NEWS

Solar Tax Credit is a Very Powerful, Useful Tool



February 12, 2020 by Dr. Harold Wong

AZ is the #3 biggest state in terms of cumulative amount of solar electric capacity installed through Q3 2019. CA is #1; NC is #2; Texas is #4; and Florida is #5. The ranking is based on the equivalent number of homes supplied by solar energy. #1 CA has 26,232 Megawatts (MW) and 6,828,939 equivalent homes supplied by solar energy; #2 NC has 5,662 MW and 683,648 homes; #3 AZ has 3,913 MW and 578,323 homes; #4 Texas has 3,421 MW and 408,234 homes; and #5 Florida has 3,414 MW and 411,269 homes.

Rounding out the top 10 states are: #6 NV with 3,277 MW and 578,546 homes; #7 NJ with 3,014 MW and 496,938 homes; #8 MA with 2,582 MW and 436,415 homes; #9 NY with 1,893 MW and 326,586 homes; and #10 GA with 1,762 MW and 210,881 homes. Source: The Solar Energy Industries Association, with data sourced from the SEIA/Wood Mackenzie Power & Renewables Solar Market Insight, 2019 Q4 Report.

Phoenix is the #3 city in terms of total installed solar photovoltaic (PV) capacity in major U.S. cities. Los Angeles is #1; San Diego is #2; Honolulu is #4; and San Jose is #5. Using a different metric, Honolulu rates #1 for solar energy installed per resident. In 2015, Hawaii committed to using 100% renewable energy by 2045. "As mayor, I am proud that Honolulu continues to lead the nation with the highest solar PV capacity per capita,"

said Honolulu Mayor Kirk Caldwell. Source: "Shining Cities 2019: The Top US Cities for Solar Energy" by Josh Chetwynd, July 31, 2019, American Solar Energy Society.

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There was an exciting media event January 31, 2020 at the Port of San Diego, "California launches \$44 million voucher program for clean energy freight equipment" by Rob Nikolewski in the 1/31/2020 San Diego Union-Tribune. The neighborhood surrounding the Port of San Diego is one of 10 communities in CA included in an air quality monitoring and cleanup program established after the passage of 2017's Assembly Bill 617 to help areas most impacted by air pollution. "Cleaner air means a better quality of life for our neighboring communities, our portside communities like Barrio Logan and National City", said Rafael Castellanos of the Board of Port Commissioners. At some point, AZ residents hope for similar programs to be implemented in the Phoenix area.

One of the biggest personal tax incentives to promote getting involved is the solar tax credit, which provides a 26% tax credit in 2020. This powerful tax reducing tool does require the equipment be owned rather than leased. These tax credits were created by the Energy Policy Act of 2015.

Business solar equipment gives one tax benefits similar to having a

residential solar system on one's primary residence. In 2020, one gets the same 26% solar tax credit for business equipment as a personal residential solar system. However, one can also benefit from depreciation or even the possibility of Section 179. Section 179 has been in the federal tax code since 1958 and allows one to expense business (not personal use) equipment and take the full deduction in the year it's "placed in service".

After the new Tax Cuts and Jobs Act, signed by President Trump on 12/22/2017, the Section 179 expense limit is \$1 million and can even be much higher when one combines the 100% bonus depreciation provision. There is virtually nothing more powerful in today's tax code than combining a 26% solar credit with Section 179.

Free Seminar and Tour: "Solar Equipment Investments:

Enjoy a Steady 7-10% Return & 26% Tax Credit" will be held 9-11 am on Saturday 2/22/2020 and Saturday 2/29/ 2020 in Mesa, Arizona

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Dr. Harold Wong earned his Ph.D. in Economics at the University of California/Berkeley and has appeared on over 400 TV/Radio programs.