

Tax Credit for Business Energy Facilities

Structurally consists of three credits with different, yet related, policy goals. This document identifies key components for each of the three credits.

MEASURE: HB-5582

EXHIBIT: B
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1. Conservation Projects

- Policy goal: reduce energy consumption, energy security, environmental
- Projects intended to reduce energy use: insulation, lighting, solar systems on buildings, high-efficiency appliances, and alternate fuel vehicles; includes recycling projects
- 35% credit claimed over five years: 10%-10%-5%-5%-5%
 - Combined heat and power projects get a 50% credit
- 2010 final certification statistics:
 - 1,965 credits issued
 - Average credit was \$19,646
 - Average credit ranges from \$211 (appliances) to \$1.1 million (transportation)
 - \$38.6 million total credits issued
- No total cap on pre- or final certifications (project cap of \$10 million); sunset of 6-30-2012 for final certs

2. Renewable Energy Projects

- Policy goal: comply with RPS, energy security
- Projects that use or produce renewable energy: biomass, wind, hydro, geothermal, photovoltaic (solar energy), and solar thermal (water heating)
- Three credit structures:
 - Project cost up to \$10 million, 50% credit over five years: 10%-10%-10%-10%-10%
 - Project cost > \$10 million, 50% credit over six years: 0%-10%-10%-10%-10%-10%
 - For homebuilders, credit is up to \$12,000 depending on installed systems
- 2010 final certification statistics:
 - 211 credits issued
 - Average credit was \$204,000
 - Average credit ranges from \$6,508 (homebuilder) to \$4.5 million (R&D)
 - \$43.1 million total credits issued
- \$300 million biennial cap on pre-certs with a 3-tier system: < \$500,000, \$500,000 to < \$6 million, and at least \$6 million (project cap of \$20 million); sunset of 6-30-2012 for final certs

3. Manufacturing Projects

- Policy goal: high-wage job creation, economic growth, energy security
- Projects that manufacture machinery equipment used to produce/harness renewable energy: wind turbines and photovoltaic cells
- 50% credit claimed over five years: 10%-10%-10%-10%-10%
- 2010 final certification statistics:
 - One \$20 million credit issued (expecting another \$100 million to be issued by June)
- \$200 million biennial cap on pre-certifications (project cap of \$40 million); sunset of 12-31-2013 for pre-certs