

# MONETIZING RENEWABLE ENERGY INFRASTRUCTURE SYSTEMS

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# Tax Incentives for Going Green in the Southeast



# Types of Tax Incentives

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- Property Tax Incentives
- Income Tax Incentives
- Sales Tax Incentives

# Property Tax Incentives

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- Reduced Property Value Base
- Energy Systems Re-Characterized, Property Taxed at a Lower Rate

# Reduced Property Value Base

- Only 20% of the value of a solar energy electric system is included in the assessment of the property's value
  - **North Carolina**– *NC Gen. Stat. § 105-275(45)*
- Reduced valuation rate for the property of a public utility or business that creates electricity through wind
  - **Tennessee** – *Tenn. Code § 67-5-601(e)*
- Cost of installation and purchase price of renewable energy source not included in property tax
  - **Florida** – *Fla. Stat. § 196.175*

# Re-Characterizing Renewable Energy Systems

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- Active solar heating/cooling system re-characterized as conventional system
  - **North Carolina** – *NC Gen. Stat. § 105-277(g)*
- Solar energy system re-characterized as personal property
  - **Louisiana** – *La. Rev. Stat. § 47:1706*

# Income Tax Incentives



- Income tax credit for the cost of purchase and installation of renewable energy systems
- Personal deductions for individuals only
- For producing green energy

# Income Tax Credit for the Cost of Purchase and Installation of Renewable Energy Systems

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- **North Carolina** – *Gen. Stat. § 105-129.16(A)*
  - Includes wind, solar, hydroelectric or biomass equipment and systems
  - Credit – 35% of the cost of the property
- **South Carolina** – *S.C. Code § 12-6-3587*
  - Includes solar energy systems only
  - Applicable to commercial or residential property
  - Credit – 25% of the cost of purchase and installation



# Income Tax Credit for the Cost of Purchase and Installation of Renewable Energy Systems

- **Louisiana** – *La. Rev. Stat § 47:6030*
  - Includes wind and solar energy systems
  - Credit – 50% of the first \$25,000 of the cost
  
- **Florida** – *Fla. Stat. § 220.192*
  - Includes renewable energy using hydrogen fuel cells, bio-diesel and ethanol
  - Credit – 75% of the cost of construction, installation and operation

# Income Tax Credits for Individuals

- **Deduction for 100% of the cost of installing a wood burning system in the home**
  - Alabama – *Ala. § 40-18-15(16)*
- **\$750 tax personal tax credit for purchasing an energy efficient manufactured home**
  - South Carolina – *S.C. Code § 4852-870*

# For Producing Green Energy

- Entities who sell renewable energy get reimbursed at \$0.01/kilowatt hour sold
  - **Florida** – *Fla. Stat. § 220.193*
- Renewable energy includes solar, geothermal, wind, ocean or hydroelectric
- Credit can be carried over for up to five years

# Georgia Specifically



- Tax credit available for the construction, purchase or lease of clean energy property
- Applies to individuals and corporations
- O.C.G.A. § 48-7-29.14

# Georgia – What Constitutes Clean Energy Property



- Solar energy equipment
- Equipment used to convert wind energy into electricity
- Bio-mass equipment used to convert wood residuals into usable electricity

# Georgia – Limitations on Tax Credits

- Total amount allotted by the state for this credit is \$2,500,000
- Single family residential – lesser of either 35% of the cost OR
  - \$2,500 for solar energy equipment
  - \$10,500 for solar electric or wind equipment
- Non-single family – lesser of \$500,00 or 35% of the total cost

# Sales Tax Incentives

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- Year-round Incentives
  - Year round tax exemptions
  - Sales tax refunds
  - Caps on the sales tax allowed
- Sales tax holidays



# Year-Round 100% Sales Tax Incentives

- Biomass materials used in the production of energy
  - Georgia – O.C.G.A. § 48-8-3(83)(A)
- Devices which are operated by hydrogen fuel cells, or devices used in manufacturing of, or R&D involving hydrogen or fuel cells
  - South Carolina – S.C. Code § 12-36-2120



# Year Round Sales Tax Incentives, Cont'd

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- Tax refund on previously paid sales tax on renewable energy using hydrogen fuel cells, bio-diesel or ethanol
  - **Florida** – *Fla. Stat. § 212.08(ccc)*
- Sales tax on manufactured homes cannot exceed \$300 if the homes meet certain EPA standards
  - **South Carolina** – *S.C. Code § 12-36-2110*

# Sales Tax Holidays



- 100% sales tax exemption for certain energy efficient products
  - Usually restricted to products purchased for consumer or residential use only
- States with this exemption
  - **Georgia** – *O.C.G.A. § 48-8-3(82)(A)*
  - **North Carolina** – *N.C. Gen. Stat. § 105-164.13(D)*
  - **South Carolina** – *S.C. Code § 12-36-2120(77)*