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Real estate owners should act now to take advantage of declining federal solar tax credit - by Craig Huntley

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When it comes to solar incentives for real estate, most people tend to think of the state programs that have launched new markets allowing building owners to take advantage of solar energy while reducing their energy costs.

Massachusetts recently overhauled their solar program. The incredibly successful new SMART program allows building owners to install “stand alone” systems which are better suited for tenant occupied buildings and incentivizes new approaches like carports. Maine too has advanced their solar program, recently passing a law ensuring net metering (i.e., making sure solar energy customers get the full value of the excess energy they produce).

Almost every legislature in New England is considering a range of incentives for clean energy, and executive branch policy makers are constantly looking for ways to meet their greenhouse gas emissions goals in a way that can provide benefits for energy consumers. State governors and legislators have clearly recognized the benefits of solar energy in reducing costs for consumers, stimulating state economies and of course, helping the environment.

However, in addition to state incentives, there is also an important federal tax credit for solar energy systems that is declining at the end of the year. You can still take advantage of it, but you must have an executed contract and have incurred 5% of the system cost before year end. So if you are considering solar, right now is a good time to start a conversation with a qualified solar provider.

What Is the ITC?

So what is this tax credit? The federal government offers an “Investment Tax Credit” (ITC) for solar energy systems that gives new purchasers of solar energy systems a 30% tax credit (based on the eligible system cost) in the year in which the system is commissioned.

However the federal government is lowering the incentive from 30% to 26% at the end of 2019 and

it will continue to decline in the following years where it will eventually bottom-out at 10%. The good news is that there is still time to take advantage of the full 30% tax credit for this year, but you'll need to move quickly to make sure your system is in place to qualify. In order to qualify for the full 30% this year, a system must be installed before December 31.

A good solar provider will work to understand your specific situation and can outline the best options in terms of size, servicing and financing. Once you decide on the best option, they can begin the application and construction process so it can qualify for the credit. However, keep in mind that the process can take a few weeks or even months depending on the system, and solar providers will likely get very busy as the year-end approaches and companies hurry to meet the deadline.

So if you think solar might be a good fit for your building, it would be smart to start exploring your options today.

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