



**STATE OF VERMONT**  
OFFICE OF LEGISLATIVE COUNCIL

**MEMORANDUM**

To: Sen. Ann Cummings  
From: Aaron Adler, Legislative Counsel  
Date: February 3, 2017  
Subject: Federal solar tax credits

This memo responds to your request for information on federal solar tax credits.

- There is a *residential investment tax credit* of 30 percent of the expenditure for solar electric generation and solar hot water heaters that generate energy for use in a dwelling unit used as a residence by the taxpayer. The credit is not available for properties placed in service after Dec. 31, 2016. 26 U.S.C. § 25D.
- There is a *commercial investment tax credit* of 30 percent of the expenditure for energy property that uses solar to generate electricity, to heat or cool (including hot water), or to provide solar process heat. The credit is not available after Dec. 31, 2016. 26 U.S.C. § 48.
- There is a *renewable electricity production tax credit* of \$0.023/kWh available for solar systems that do not claim the commercial investment tax credit, if the system commences construction before Jan. 1, 2017. The credit period is 10 years. 26 USC §§ 45, 48; IRS form [8835](#) and [instructions](#).