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# RENEWABLE ENERGY DEVELOPMENT

## FEDERAL TAX INCENTIVES

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### SELECT FEDERAL INCENTIVES

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#### Renewable Electricity Production Tax Credit (PTC)

This corporate tax credit, applicable to the commercial and industrial sectors, is a per-kilowatt-hour credit for electricity that is generated by certain energy resources and sold by the taxpayers. The rules, such as in-service dates, and credit amounts vary by resource and facility type. In general, the credit duration is 10 years following the date that the facility is placed in service (with a few exceptions).

To claim the credit, complete Form 8835 and Form 3800.

- *Incentive:* Credit of 2.2 cents per kWh for wind, geothermal and closed-loop biomass; 1.1 cents per kWh for others.
- *Eligible Renewable Technologies:* Biomass, Wind, Landfill Gas, Geothermal Electric, Municipal Solid Waste, Hydrokinetic Power, Anaerobic Digestion, Small Hydroelectric, Tidal Energy, Wave Energy and Ocean Thermal
- *Applicable Sectors:* Commercial and industrial
- *Authority:* 26 USC § 45 (amended)

For more information visit <http://www.irs.gov/pub/irs-pdf/f8835.pdf>.

#### Business Energy Investment Tax Credit

This corporate investment tax credit is available for systems placed in service on or before December 31, 2016. It was expanded with H.R. 1424, the Energy Improvement and Extension Act of 2008, in October 2008 to extend the duration of existing credits for fuel cells, microturbines and solar by eight years. It also increased the credit amount for fuel cells and established new credits for small wind-energy systems, CHP and geothermal heat pumps. The American Recovery



	<p>and Reinvestment Act of 2009 further extended this credit.</p> <ul style="list-style-type: none"> <li>➤ <i>Incentive:</i> 30 percent credit for solar, small wind and fuel cells and 10 percent credit for CHP, geothermal and microturbines. Certain system eligibility requirements and maximum incentives apply.</li> <li>➤ <i>Eligible Renewable Technologies:</i> Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Solar Water Heat, Wind, Biomass, Geothermal Electric, Fuel Cells, Geothermal Heat Pumps, CHP/Cogeneration, Solar Hybrid Lighting, Geothermal Direct-Use, Microturbines and Fuel Cells using Renewable Fuels</li> <li>➤ <i>Applicable Sectors:</i> Commercial, Industrial, Agricultural and Utility</li> <li>➤ <i>Authorities:</i> 26 USC § 48 and IRS Form 3468</li> </ul>
<p><b>Modified Accelerated Cost-Recovery System (MACRS) + Bonus Depreciation (2008-2012)</b></p>	<p>Depreciation deductions allow businesses to recover investments in certain property. Ranging from 3 to 50 years, a set of class lives for different property types may be depreciated.</p> <ul style="list-style-type: none"> <li>➤ <i>Eligible Renewable Technologies:</i> Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Solar Water Heat, Photovoltaics, Wind, Biomass, Landfill Gas, Geothermal Electric, Fuel Cells, Municipal Solid Waste, Geothermal Heat Pumps, CHP/Cogeneration, Solar Hybrid Lighting, Anaerobic Digestion, Fuel Cells using Renewable Fuels, Geothermal Direct-Use and Microturbines</li> <li>➤ <i>Applicable Sectors:</i> Commercial, Agricultural and Industrial</li> <li>➤ <i>Authorities:</i> 26 USC § 168, 26 USC § 48 and H.R. 4853 (2010)</li> </ul> <p>The 100 percent bonus depreciation expired December 31, 2011. The 50 percent bonus depreciation expires December 31, 2012.</p>

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**Source:**

*Database of State Incentives for Renewables & Efficiency*, a joint effort between U.S. Department of Energy Office of Energy Efficiency & Renewable Energy, North Carolina Solar Center and the Interstate Renewable Energy Council; www.dsireusa.org

