
RENEWABLE ENERGY DEVELOPMENT

STATE TAX POLICIES AND INCENTIVES IMPACTING RENEWABLE ENERGY DEVELOPMENT

PREPARED BY THE NATIONAL CONFERENCE OF STATE LEGISLATURES
MARCH 2012

IDAHO

Contents

- **State Taxes that Impact Development**—Tax on Renewable Energy Production, Property, Personal Income, Corporate Income, Sales, State Unemployment Insurance, and Gasoline and Diesel Taxes
- **Exemptions for Doing Business in Indian Country**
- **Renewable Energy Tax Incentives**
 - Residential Tax Deduction
 - Property Tax Exemption (Wind and Geothermal)
- **State-Implemented Renewable Energy Financial Incentives and Programs**
 - Low-Interest Loan Program
 - Bond Program
- **Renewable Portfolio Standard**—none
- **Renewable Energy Regulatory Policies**



**State Taxes that
Impact
Development**

Tax on Renewable Energy Production

Gross Energy Earnings Tax – Wind and Geothermal

Although Idaho provides a 100 percent property tax exemption for geothermal energy producers and commercial wind operators, they must pay a **3 percent** tax on gross energy earnings.

Property Tax as Percent of Income

2.55 percent

Personal Income Tax

- 1.6 percent for \$0 to \$1,338
- 3.6 percent for \$1,338 to \$2,676
- 4.1 percent for \$2,676 to \$4,014
- 5.1 percent for \$4,014 to \$5,352
- 7.1 percent for \$5,352 to \$6,690
- 7.4 percent for \$10,035 to \$26,760
- 7.8 percent for \$26,760+

Corporate Income Tax

7.6 percent

Sales and Use Tax

6 percent

State Unemployment Insurance Tax Rates

0.96 percent to 6.8 percent

Gasoline and Diesel Tax

25 cents per gallon

**Exemptions for
Doing Business in
Indian Country**

None.



Tax Incentives

- Residential Tax Deduction
- Property Tax Exemption (Wind and Geothermal)

Residential Alternative Energy Tax Deduction (Personal)

Provides a 40 percent income tax deduction for the cost of a solar, wind, geothermal and some biomass energy devices used for heating or electricity generation the year the system is installed. Taxpayers can deduct 20 percent of the cost each year for three years thereafter as well.

- *Incentive:* Income tax deduction of 40 percent the year the system is installed and 20 percent for three years thereafter
- *Maximum Deduction:* \$20,000 total and \$5,000 in any single year
- *Eligible Renewable Technologies:* Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Photovoltaics, Geothermal Heat Pumps, Biomass and Wind
- *Applicable Sectors:* Residential
- *Authority:* Idaho Code § 63-3022C

Property Tax Exemption for Wind and Geothermal Energy Producers

Commercial wind operators and geothermal energy producers (except those regulated by the Idaho PUC) are exempt from taxes on real estate and property related to the system. Wind and geothermal energy producers must pay a tax of 3 percent of gross energy earnings, though.

- *Incentive:* 100 percent of property taxes
- *Eligible Renewable Technologies:* Wind and geothermal
- *Applicable Sector:* Commercial
- *Authorities:* Idaho Code § 63-3502B, HB 189 (2007) and HB 529 (2008)



**State-
Implemented
Financial
Incentives and
Programs**

- **Low-Interest Loan Program**
- **Bond Program**

Low-Interest Energy Loan Program

Administered through the Idaho Office of Energy Resources, this program offers low-interest loans for retrofitting active solar, wind, hydropower, biomass and geothermal energy products. The interest rate is 4 percent over a 5-year term. Loans are only for retrofitting with a few exceptions for some renewables.

- *Incentive:* 4 percent interest loans with a 5-year term. Loans vary:
 - Residential: \$1,000 to \$15,000
 - Commercial: \$1,000 to \$100,000
 - Agricultural: Up to \$100,000
 - Schools, Hospitals and Healthcare Facilities: Up to \$100,000
 - Renewable Loans (except solar PV loans): Up to \$100,000
 - Solar Photovoltaic: Up to \$15,000
- *Maximum:* \$15,000 for residential and \$100,000 for all others
- *Eligible Renewable Technologies:* Geothermal Direct-Use, Geothermal Heat Pumps, Solar Water Heat, Solar Space Heat, Photovoltaics, Wind, Biomass and Hydroelectric
- *Applicable Sectors:* Residential, Commercial, Local Government, State Government, Schools, Agricultural, Institutional and Hospitals

For more information visit
<http://www.energy.idaho.gov/financialassistance/energyloans.htm>.

Renewable Energy Project Bond Program

Independent renewable energy project developers can request financing from the Idaho Energy Resources Authority, a state bonding authority.

- *Eligible Renewable Technologies:* Solar Thermal Electric, Photovoltaics, Fuel Cells using Renewable Fuels, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, Fuel Cells and CHP/Cogeneration
- *Applicable Sector:* Commercial (Independent Power Producer)
- *Authority:* Idaho Code § 67-8901 et seq. (SB 1192 of 2005)

**Renewable
Portfolio
Standard**

None.



Regulatory Policies

Solar Easements

Idaho provides access rights to sunlight for solar energy devices. Easements are transferred with property titles.

- *Incentive:* Solar Access Policy
- *Eligible Renewable Technologies:* Solar Water Heat, Solar Space Heat, Solar Thermal Electric and Photovoltaics
- *Applicable Sectors:* Commercial and Residential
- *Authority:* Idaho Code § 55-615

NCSL Contact

Jacquelyn Pless
Energy Program Policy Associate
(303) 856-1509
jacquelyn.pless@ncsl.org

Sources:

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

Incentives for Businesses 50 State Handbook, State Capitol Group (Washington, D.C.: State Capitol Group, July 2010); www.statecapitalgroup.org

Robyn, Mark, *2012 State Business Tax Climate Index*, Tax Foundation (Washington, D.C.: Tax Foundation, January 2012); http://taxfoundation.org/files/2012_tax_foundation_index_bp62.pdf.

Various state websites

