



Renewable Energy Systems Tax Credit (Personal)

Incentive Type: Personal Tax Credit

Eligible Renewable/Other Technologies: Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, Geothermal Heat Pumps, Direct-use Geothermal, Anaerobic Digestion

Applicable Sectors: Commercial, Residential, Multi-Family Residential

Amount: Residential: 25%
Commercial wind, geothermal electric, and biomass systems 660 kW or greater: 0.35¢/kWh (\$0.0035/kWh) for 4 years
Other commercial systems: 10%

Maximum Incentive: Residential: \$2,000
Commercial wind, geothermal electric, and biomass systems 660 kW or greater: no limit
Other commercial systems: \$50,000

Carryover Provisions: Residential: excess credit may be carried over for the next four years
Commercial: may not be carried forward or back.

Eligible System Size: Not specified

Equipment/Installation Requirements: System must be in compliance with all applicable performance and safety standards; must obtain certification from the State Energy Program; individuals who wish to design their own system may be exempt from certain system requirements.

Authority 1: Utah Code 59-10-1014

Date Enacted: 2001, amendments enacted 2007

Effective Date: 01/01/01, amendments effective 01/01/07

Expiration Date: Evaluated on or after 2012

Website: http://geology.utah.gov/sep/incentives/re_credits2007.htm

Summary:

Utah's individual income tax credit for renewable energy systems includes provisions for both residential and commercial applications. The Utah State Energy Program administers the tax credit and has responsibility for revising the tax credit rules and certifying systems as eligible for the credit. [Legislation](#) enacted in 2007 extended these tax credits through at least 2012. On or before this time, and every five years thereafter, the Utah Tax Review Commission must review the tax credit and make recommendations as to whether the tax credit should be continued, modified, or repealed. This legislation also expands the tax credit language to include geothermal resources, and modified the credit calculation for large wind, biomass, and geothermal electric systems. The revised tax credit is applicable to systems placed in service on or after January 1, 2007.

Residential Systems

The individual income tax credit for residential systems is 25% of the reasonable installed system costs up to a maximum credit of \$2,000 per residential unit. The residential credit is nonrefundable, but unused credit may be carried over up to four years. A non-business entity that leases a residential system is eligible for the credit and may use the credit for no more than seven years from the initiation of the lease.

Eligible residential systems include active and passive solar thermal systems; solar electric systems; wind turbines; hydro (water) energy; geothermal heat pumps; direct-use geothermal; and biomass. Note that eligible biomass systems must either produce fuel or electricity. Biomass heating systems are not eligible.

Under the [corporate tax credit language](#), a builder can take a tax credit for the installation of a renewable energy system on a residential unit.

Commercial Systems

The individual income tax credit for commercial systems, which is structured as a refundable credit, is 10% of the reasonable installed costs up to \$50,000 for wind, geothermal electric, and biomass systems with a total capacity of less than 660 kW and for all other eligible renewable energy systems. A business entity that leases a commercial system is eligible for the credit and may use the credit for no more than seven years from the initiation of the lease.

For commercial wind, geothermal electric, and biomass systems with a total capacity of 660 kW or greater, the credit is 0.35¢/kWh (\$0.0035/kWh) for four years. The credit may not be carried forward or back. A business entity that leases a commercial system is also eligible for the credit.

Eligible commercial systems include active and passive solar thermal systems; solar electric systems; wind turbines;

hydro (water) energy; geothermal heat pumps; direct-use geothermal; and geothermal electricity; and biomass systems. Note that eligible biomass systems must either produce fuel or electricity. Biomass heating systems are not eligible.

Renewable energy systems may be used to supply energy to a commercial unit or as a commercial enterprise selling the energy.

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