

Frequently Asked Questions Utah's Solar Tax Credit



GOVERNOR'S OFFICE OF
ENERGY DEVELOPMENT

Advancing Utah's Energy Future

Residential vs. Commercial Credits

What are the differences between the Residential and Commercial credits under the Renewable Energy Systems Tax Credit program?

- The Residential tax credit is claimed by an individual taxpayer and is **NON-REFUNDABLE**, meaning it can only be claimed against your State of Utah tax liability. You will not receive this credit in the form of cash. Examples below include:
 - If you have a State of Utah tax liability of \$2,000, and you receive a Renewable Energy Systems Tax Credit for \$2,000, then the tax credit of \$2,000 will reduce your tax liability to \$0.
 - If you have a tax liability of \$3,500 and you receive a Renewable Energy Systems Tax Credit for \$2,000, then your State of Utah tax liability will be \$1,500.
 - If you have a tax liability of \$1,200 and you receive a Renewable Energy Systems Tax Credit of \$2,000, then your tax liability will be \$0 and the remaining Renewable Energy Systems Tax Credit of \$800 will roll forward to the next year. You will be able to use the remaining tax credit of \$800 in the next tax year. Again, you will not receive the remaining credit in the form of cash. This is not a rebate.
- Commercial tax credit is **REFUNDABLE**. The tax credit can be claimed by a business, corporation, LLC, or other entity. The business can claim a Commercial Renewable Energy Systems Tax Credit when they file their corporate taxes with the State of Utah. Any portion that is not negated from a tax liability is then issued in a tax return. An individual taxpayer will not be able to apply for a Commercial Renewable Energy Systems Tax Credit because the credit must be claimed by a corporation.

Should you apply for the residential or commercial credit if you run your business out of your home or primary residence?

- You can apply for either the Residential or the Commercial credit. The Residential credit is issued to individuals who purchased and installed the renewable energy system. The Commercial credit is issued to a business, corporation, or LLC. The Commercial credit is available for a business entity when they claim it during tax filings. An individual taxpayer cannot claim a Commercial renewable energy systems tax credit.

Are you a landlord that owns a multi-unit residential structure?

- If you install multiple renewable energy systems on separate, unique addresses, you can claim a non-refundable residential tax credit for each system.

- If you install a large renewable energy system for the entire building, the business that runs and operates the multi-unit residential structure can claim a (one) refundable commercial credit.

Applications and Deadlines

When will the Utah tax credit for renewable energy systems end?

- The tax credit is set to expire at the end of 2017.

When do I have to complete and submit the application to the Governor's Office of Energy Development?

- You do not have to application filled out by the end of 2017 but we highly recommend submitting your complete application as soon as possible. Individuals or businesses that wait until the end of the year will face longer processing times.

How long is the processing time?

- Depending on the time of the year, processing time can take up to 6 weeks.

What types of pictures of the renewable energy system are required for the Renewable Energy System Tax Credit?

- For Solar PV systems: photos of the installed solar panels and inverter(s), the meter, and disconnect box.
- For Solar Thermal systems: photos of the solar collectors and the piping that feeds the hot water into the hot water tank.
- For Geothermal Heat Pump systems: photos of the heat pump unit and piping. If you have pictures of constructing, please include them as well.

What is a schematic?

- A schematic is a representation of the renewable energy system. Other terms that are similar to a schematic include: diagram, blueprint, and CADD file.

Net Metering

What is a net metering agreement?

- A net metering agreement is a contract between the owner of a renewable energy system and their local electrical utility provider. The agreement states that the excess electricity generated from the renewable energy system, not used by the building or residence, is placed onto the utility's electricity grid.

Do you need a net metering agreement if you plan to install a renewable energy system?

- Yes. You must have a net metering agreement in place before you can turn on your renewable energy system, so long as your building or residence resides in a utility provider service territory.

Where can I get a net metering agreement for my renewable energy system – including Solar PV, Wind, and Hydro renewable energy technologies?

- You will need to contact your utility service provider.
- If Rocky Mountain Power is your service provider, you can contact them by calling their helpline at **1-888-221-7070**. You should request a signed and approved net metering agreement.
- If you live within a municipality utility service provider territory (such as Logan City, Kaysville, Bountiful, Murray, Lehi, Provo, Springville, Spanish Fork, St. George, and Washington City) you will need to call your local utility and request a signed and approved net metering agreement.

For the Renewable Energy Systems Tax Credit, the requested net metering agreement will have to be signed by the utility. Where can I find the signed agreement?

- If you are a Rocky Mountain Power customer, you will need the 20-page contract that must be signed by you and Rocky Mountain Power (on page 16). Depending on their availability, Rocky Mountain Power may send you the signed and finalized 20-page agreement contract or a closure letter. The closure letter is a one page formal letter on Rocky Mountain Power letterhead stating all requirements were met, and the new meter was installed. OED can accept the signed and approved 20-page agreement or the one page formal closure letter.
- If you are a local utility customer, the net metering agreements differ. Most local utilities will issue a formal letter for your records. Other utilities require higher levels of approval, such as a mayor's signature.