



How the Energy Investment Tax Credit Can Help Cut Emissions and Save Money

WHAT IS THE ENERGY INVESTMENT TAX CREDIT?

The Investment Tax Credit (ITC) encourages you to invest in renewable energy. This credit is available for commercial properties, local governments, and non-profits.

The ITC allows you or your business to deduct a portion of your costs for installing a renewable energy system, like solar or wind, from your federal taxes.

This tax credit can take off 30% of the cost for projects that make commercial building energy efficient! It also offers bonus credits to help cover up to an additional 40% of your project's cost.

Who can benefit?

Commercial property owners, non-profits, and local governments can benefit.

Is there a deadline to start a project?

To qualify, you need to start your project before 2033.

WHAT DOES THE INVESTMENT TAX CREDIT DO?

The Inflation Reduction Act (IRA) has significantly enhanced the ITC to promote investment in renewable energy, reduce emissions, and support U.S. economic growth. Here are some of the key ways in which the IRA has affected the ITC:

The credit expands eligibility for more technologies.

Now, the ITC covers energy storage technologies, biogas, microgrid controllers, geothermal heat pumps, and more.

(More information on back.)



Seattle City Light

seattle.gov/city-light



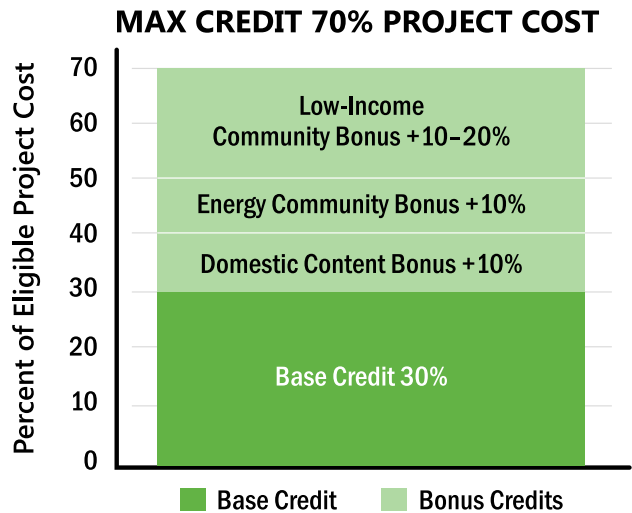
The credit increases the base credit amount.

The base credit 30% is for projects that are under 1 megawatt in size. If your project is larger, you can still get the 30% credit, but there are extra requirements for labor.

The credit offers additional bonuses.

You get extra credits if your projects meet the following criteria:

- Projects that use parts made in the USA (Domestic Content Bonus).
- Projects located in communities that have been significantly impacted by changes in the energy sector, such as the decline of fossil fuels (Energy Community Bonus).
- Projects located on land previously used for industrial or commercial purposes that has been potentially contaminated by hazardous substances (Energy Community Bonus).
- Projects that are part of a low-income residential building.
- Projects that bring economic advantages to communities impacted by historical underinvestment and higher pollution exposure, which have led to economic, health, and environmental hardships (Low-Income Community Bonus).



Source: WRI author summary of the Inflation Reduction Act, Pub. L. No. 117-169.

You can now monetize the credit in new ways:

- Businesses can choose to sell the credit directly to others.
- Non-profit organizations can choose to get paid directly. After finishing the project, they'll receive a payment from the Internal Revenue Service.

WHERE CAN I LEARN MORE ABOUT THE INVESTMENT TAX CREDIT?

Visit the Department of Energy's webpage to learn more about the Investment Tax Credit: <https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses>



Are you ready to explore the expanded benefits of the Energy Investment Tax Credit? Contact an energy advisor today!

