



Funding opportunities for renewable energy systems

Wyoming State Incentives & Rules:

1) The Wyoming Business Council Solar Grant

Every year the Wyoming Business Council makes funds available for photovoltaic grants. This grant can offset the cost of a photovoltaic (solar electric) system, both grid connected and off-grid, by up to 50% of the system cost to a limit of \$3,000. The WBC awards a total of 25 grants each year to residential applicants only. Applications are accepted between the 1st and third Mondays in June, with a deadline of 5pm on the third Monday in June. After the close of the application period, if more than 25 applications are received, a random drawing is done. Applications for funding from the WBC Solar Grant can be found at http://www.wyomingbusiness.org/business/energy_resphoto.aspx, and are accepted via E-Mail, Fax, regular mail or hand delivery.

For more information, contact:

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Ph: 307-777-2805

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2) Wyoming sales tax exemption for renewable energy systems

In 2003, under HB 188, the Wyoming legislature added sales of equipment used to generate electricity from renewable resources to the list of types of sales or leases that are exempt from the state excise (sales) tax. This includes the cost of installation if the system is sold as one installed unit, but does not include the cost of repairs or maintenance. Solar thermal, and passive solar design are not covered. This exemption was extended to June 30, 2012 through the passage of HB 319 in 2007.

3) Wyoming's net metering law

In 2001, Wyoming passed HB 0195, requiring public utilities and electric cooperatives to accept net metered electrical customers. Wyoming's net metering law (Wyo. Stat. § 37-16-101 et seq.) requires that utilities make available to every customer that has installed a net metering system an energy meter that is capable of registering the flow of electricity in two directions. If the electricity supplied by the electric utility exceeds the electricity generated by the customer, the customer is billed for the appropriate customer charges for that month. If, however, the electricity supplied by the customer exceeds that supplied by the electric utility, the customer is credited or compensated for the excess kilowatt-hours generated the following month. This can be done by crediting the customer the kilowatt hours the following month, or crediting the customer a monetary value for those hours on their next month's bill. Generally, these hours are valued at the avoided cost of the generated electricity. At the beginning of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year is sold to the electric utility at the avoided cost.

4) Lower Valley Energy Geothermal heat pump incentive

A \$3000 rebate is available to Lower Valley Energy customers for the installation of a geothermal heat pump. Call Wid Ritchie for more information at 307-885-3175.

Federal Incentives & Rules:

1) USDA Rural Development

Agricultural producers and rural small businesses (which includes any business in Wyoming outside of Cheyenne) are eligible for the Renewable Energy Systems and Energy Efficiency Improvements Grant and Guaranteed Loan Program. Grants cover the purchase of renewable energy systems and energy efficiency improvements. Grants are available for a minimum grant request of \$2,500, up to 25 percent of the eligible project costs. Solar electric, solar thermal, wind power and ground source heat pumps are all eligible. Applicants must demonstrate financial need. The program is funded under the US Farm Bill, and the 2007 reauthorization proposal (currently under consideration) includes a 10-year, \$500 million reauthorization of the Renewable Energy Systems and Energy Efficiency Improvements grant program.¹

For more information see: www.rurdev.usda.gov/rbs/farbill/index.html

2) Federal business energy tax credit

The Energy Policy Act of 2005 (H.R. 6) establishes a 30% tax credit for solar installations during 2006 and 2007 for the commercial and industrial sectors; this was later expanded until December 31, 2008 (Section 207 of the Tax Relief and Health Care Act of 2006 (H.R. 6111)). For equipment installed on or after January 1, 2009, the tax credit for solar energy property and solar hybrid lighting reverts to 10% and expires for fuel cells and microturbines. The geothermal credit remains unchanged at 10%. The credit for fuel cells is capped at \$500 per 0.5 kilowatt (kW) of capacity. The maximum microturbine credit is \$200 per kW of capacity. For more information see: 26 USC § 48, and IRS Form 3468 (Tax Year 2006).

3) Federal personal tax credit

The Energy Policy Act of 2005 (H.R. 6) establishes a 30% tax credit for solar installations during 2006 and 2007; this was later extended until December 31, 2008 (Section 207 of the Tax Relief and Health Care Act of 2006 (H.R. 6111)). The credit is capped at \$2,000 for residential use. It applies to the purchase and installation of photovoltaic (solar electric) and solar water heating property. An individual can take both a 30% credit up to the \$2,000 cap for a photovoltaics system and a 30% credit up to a separate \$2,000 cap for a solar water heating system.

If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year. Expenditures include labor costs for the onsite preparation, assembly, or original installation of the system and for piping or wiring to interconnect the system to the building. To be eligible for the credit, a system must be "placed in service" or activated on or after January 1, 2006, and on or before December 31, 2008.

4) Accelerated Depreciation

Under the federal Modified Accelerated Cost-Recovery System (MACRS), businesses can recover investments in renewable energy property through depreciation deductions over five years with a 200% declining-balance method. Without this legal provision for solar equipment, depreciation for such equipment would be done over the standard 20-year period.

If you think you might qualify, please reference 26 USC § 168, and have your accountant reference IRS Publication 946, IRS Form 4562: Depreciation and Amortization, and Instructions for Form 4562.

For more information:

Public Information - IRS

Internal Revenue Service

1111 Constitution Avenue, N.W.

Washington, DC 20224

Phone: (800) 829-1040

Web site: <http://www.irs.gov>

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¹ This should be updated as soon as the 2007 Farm Bill is approved by Congress.