

March 8, 2022

Ways and Means Committee

Attn: House File 2395

Re: Center for Rural Affairs Statement of Support

The Center for Rural Affairs is a private non-profit organization, established in 1973 and based in Lyons, Nebraska with an office in Nevada, Iowa. The Center works to promote economic opportunity, environmental stewardship, and policies that strengthen rural communities. This includes efforts to advance renewable energy opportunities for rural Iowans.

I. Solar Energy System Tax Credit Data

As of October 2021 there were 1,262 applicants on the residential solar system waitlist, and this number is growing as more applications are received.¹ These residents made the decision to invest in a solar energy system with the understanding that this tax credit would offset a portion of their costs. The average residential solar project in 2020 had a 9.8 KW capacity and an average cost of approximately \$27,000. With an average award of \$3,215, the average residential tax credit covers approximately 13% of the costs of an installation.²

At the same time residential solar applications are being rejected, the state has confirmed applications for businesses will be paid out. Iowa's residents deserve the same treatment as it's business. These savings make solar energy more accessible, and solar energy allows homeowners to save on their energy bills in the long run. This puts money into the pockets of Iowa families that can be invested back into their communities.

II. Impact of House File 2395

House File 2395 would pay out the current waitlist for residential projects for the Iowa Solar Energy System Tax Credit that expired at the end of 2021. The applicants on this waitlist built these projects with expectation that the tax credit would offset a significant portion of their upfront costs. The state has an obligation to make good on its promise to these Iowans, some of whom have waited over a year for their tax credit. This bill also extends the application deadline for projects constructed in 2021 from May 1st, 2022 to June 30th, 2022 and rescinds the rejections that have already occurred since the expiration of the credit for any application that would have otherwise qualified for the credit if not for the lack of available funds.

¹ "Action Alert: Honor Iowa's Tax Credit Promise." Winneshiek Energy District, <https://energydistrict.org/resources/advocacy/action-alert-iowa-homeowners-set-to-lose-millions-in-promised-solar-tax-credits/>. March 8, 2022.

² "Solar Energy System Tax Credit Report for 2021." Iowa Department of Revenue, December 31, 2021, <https://tax.iowa.gov/sites/default/files/2021-12/SolarEnergySystemTaxCreditAnnualReport2021.pdf>. March 8, 2022.

With a budget surplus of apprixamtely 1.2 billion dollars and full cash reserves, the estimated \$4 million waitlist is only a fraction of the amount of money Iowa has in reserve.³ The state has the means to pay out these tax credits and an obligation to make these applicants whole.

III. Conclusion

Residential solar energy brings many benefits to rural communities including a more reliable energy grid and cheaper electricity bills for customers. These systems not only offer on-farm services and lower energy bills, they also act as passive energy storage for the power grid. This makes the grid more resilient in the face of extreme weather and other emergencies and more reliable during regular usage. The state has the opportunity to make good on its promise and improve the power grid for every Iowan. We urge you to pass this bill.

Respectfully submitted,



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³ "Iowa budget closes with full cash reserves, surplus of \$1.24B." Office of Governor Kim Reynolds, September 27, 2021, <https://governor.iowa.gov/press-release/iowa-budget-closes-with-full-cash-reserves-surplus-of-124b%C2%A0>. March 8, 2022.