

February 2, 2021

Attn: House File 221

Re: Center for Rural Affairs Letter of Support

Subcommittee: Reps. Lohse, Boden and Isenhardt

**Expanding Iowa's Solar Tax Credit will promote economic recovery and growth in our state's rural communities.** For every \$1 of state resources invested in this tax credit, about \$7 in private investment is leveraged in Iowa's clean energy economy.<sup>1</sup> The Iowa Solar Tax Credit was implemented in 2012 with a state-imposed cap of \$5 million annually, and in clear indication of its demand, the credit has been oversubscribed since 2015—leaving a years-long waiting list of farmers, small businesses, and homeowners who have already invested in solar energy. According to the Iowa Department of Revenue, the oversubscription has grown so rapidly that, in 2020, 99.7% of the tax credit was committed before the calendar year even began.<sup>2</sup> By allocating the additional \$7 million proposed in House File 221 to pay down this current waitlist and raising the annual cap to \$10 million, the Legislature can stimulate rural economies and provide immediate, meaningful relief for Iowans who have been hard hit by the COVID-19 recession by putting money back in their pockets.

**Farmers, small businesses, and homeowners leverage Iowa's Solar Tax Credit to lower energy costs and invest in the communities they live and work in.** Across rural Iowa, livestock producers and farmers have adopted solar energy as a crucial cost-saving strategy to help meet their bottom line. In fact, the Census of Agriculture found 90,142 U.S. farms utilized solar energy systems in 2017, a 60% increase from the 36,331 farms reported in the 2012 count.<sup>3</sup> There are several uses for solar on the farm such as the operation of grain drying equipment and ventilation of animal confinements. During corn harvest years, drying the grain down to the desirable moisture level for safe storage can create a significant energy demand. The bottom line of Iowa's farm operations would continue to benefit from an expanded, decoupled, and predictable solar tax credit.

**Doubling the state-mandated cap of \$5 million annually to \$10 million will put rural communities in a competitive position to attract jobs and investment from private industry.**

In fact, the credit has already helped drive investment in solar jobs, expanding from approximately 350 jobs in 2015 to 869 in 2019.<sup>4</sup> In addition, there are at least 85 companies engaged in the solar energy industry supply chain who power local economies with manufacturing, installation, and maintenance jobs.<sup>5</sup> To put Iowa's rural communities on a

---

<sup>1</sup> <https://www.iaenvironment.org/webres/File/Solar%20ITC%20Energy%20Fact%20Sheet%2C%20Branded%20-%202021.pdf>

<sup>2</sup> <https://www.iaenvironment.org/webres/File/Solar%20ITC%20Energy%20Fact%20Sheet%2C%20Branded%20-%202021.pdf>

<sup>3</sup> [https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Volume\\_1\\_Chapter\\_2\\_US\\_State\\_Level/](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1_Chapter_2_US_State_Level/)

<sup>4</sup> <https://www.seia.org/states-map>


<sup>5</sup> <https://elpc.org/wp-content/uploads/2021/01/FINAL-Iowa-Supply-Chain-Report-1.4.pdf>

brighter path forward to attract new, good-paying jobs from major retailers, technology companies, and others, the state could act now to double this stifling cap.

**By decoupling Iowa's Solar Tax Credit from the federal incentive, Iowa can ensure long-term prosperity in a rapidly approaching clean energy future.** As it exists currently, farmers and small business owners who invest in solar energy are at the mercy of an unpredictable federal government when making investments in solar energy. By decoupling the Iowa Solar Tax Credit from the federal Investment Tax Credit, the Legislature can reaffirm Iowa's place as a national clean energy leader while providing certainty for solar customers. This bill allows the state to chart its own path forward by removing the risk of federal inaction and setting the Iowa Solar Tax Credit at 15% of total project cost and setting a sunset for Dec. 30, 2030.

Given the demonstrable positive impact the Iowa Solar Tax Credit has already had on Iowa's rural economies, small business owners, and farmers, we encourage swift passage of House File 221 to bolster our state's clean energy leadership well into the future.

Respectfully submitted,



Cody Smith

Policy Associate

[codys@cfra.org](mailto:codys@cfra.org)

402.687.2100 ext. 1016