

November 4, 2021

The Honorable Ron Wyden
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard Neal
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairmen Wyden and Neal:

Thank you for your leadership in including refundability language for the Investment Tax Credit (ITC) Section 25D residential renewable energy credit in the most recent versions of the Build Back Better Act. We strongly support an extension and expansion of the ITC, and at the same time, we must make it more equitable and accessible to families across all income levels in all states and territories. Under current law, only families with high tax liability can benefit from the ITC. Refundability addresses this inequity in our clean energy policy and could expand solar access to 40 million more households.

Unfortunately, the House's latest reconciliation bill draft puts equity on the backburner. The section 25D refundability provision does not become available until 2024. According to climate research group RMI, 7 out of 10 households cannot receive the full benefit of the ITC in their first year of solar ownership, and 4 in 10 households cannot receive any benefit whatsoever from the ITC.¹ We cannot allow these inequities in our federal solar policies to persist for another two years.

Excluding these households from clean energy for two additional years is not only unfair but is unnecessary. The Build Back Better Act makes the commercial ITC, section 48, direct pay starting in 2022. Refundable tax credits are not new, and we know the industry is willing to be an active partner in sharing whatever information is needed for a speedy implementation. What's more, states across the nation have already managed similar solar incentive programs with minimal staffing and cost.

As we have seen in recent years, the impacts of climate change are real and here today. Excluding low-to-moderate income (LMI) families for another two years from the benefits of solar, battery storage and other clean energy technologies slows our decarbonization efforts and fails to transition these homes to be more climate resilient. Aside from the climate benefits of bringing clean energy to all communities, LMI households in states and territories are at risk of being literally left in the dark for two more years as their communities are just as, if not even more vulnerable, to blackouts than wealthier households.

While we applaud the positive steps taken on including refundability for the Section 25D residential renewable energy tax credit thus far, we strongly urge your Committees to make this policy available to families that need it right away. Please do not delay this key policy change

¹ <https://rmi.org/congress-cannot-ignore-residential-solar-tax-credit-inequities/>

that will make our energy system more equitable and allow for immediate participation in 25D refundability in the final version of the Build Back Better Act.

Sincerely,

Earthjustice

GRID Alternatives

GreenLatinos

Hispanic Federation

Solar and Energy Storage Association- Puerto Rico

Solar United Neighbors

Vote Solar

Cc: Gina McCarthy, Jahi Wise, Gretchen Sierra-Zorita, Secretary Granholm,