

2019 is final year of 30% Residential Renewable Energy Tax Credit

This is the final year residents can claim the full 30% federal [Residential Renewable Energy Tax Credit](#), so for residents considering a solar energy system (PV or hot water), small wind system, ground source heat pump, or other eligible systems, 2019 is a good time to install it.

The current tax credit means a taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States that is owned and used as a residence by the taxpayer. Expenditures with respect to the equipment are treated as made when the installation is completed. If the installation is at a new home, the "placed in service" date is the date of occupancy by the homeowner. Expenditures include labor costs for on-site preparation, assembly or original system installation, and for piping or wiring to interconnect a system to the home.

For instance, a resident planning a 5 kW solar photovoltaic (PV) system at a cost of \$20,000 would receive a tax credit of about \$6,000.

The tax credit for all eligible systems will phase down over the next three years as follows:

- 30% for systems placed in service by Dec. 31, 2019.
- 26% for systems placed in service after Dec. 31, 2019 and before Jan. 1, 2021
- 22% for systems placed in service after Dec. 31, 2020 and before Jan. 1, 2022

The tax credit will end in 2022. There is a similar [Business Energy Investment Tax Credit](#) (ITC) available for businesses, with a similar phase down schedule.

Utility incentives

In addition to the federal tax credit, many Minnesota utilities offer incentives for solar energy and other renewable energy systems. For instance, Xcel Energy will open its [Solar*Rewards Program](#) for residential and commercial customers on Jan. 28, 2019. The \$10 million program provides recipients with 10 years of incentive payments based on the solar energy system's annual production. It is awarded on a first-come, first-served basis. About 10% of the program will be reserved for low-income customers or customers serving low-income residents. Check with your utility to see if it offers incentives.

Other incentives, such as Minnesota Housing's [Fix-Up Fund Loan Program](#), may help to finance renewable energy systems.

To learn about the range of incentives that are available to Minnesotans for solar and other clean energy improvements, contact your utility or visit the Database of State Incentives for Renewables & Efficiency at www.dsireusa.org.