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Federal Solar Tax Credits Extended for 8 Years, US Poised to Become Largest Solar Market in the World

*Industry Leaders Forecast Dramatic Growth in the U.S. Solar Market by
2016 with Extension of Credit*

WASHINGTON – Today, by a vote of 263-171, the U.S. House of Representatives passed historic legislation that extends the 30-percent federal investment tax credit for both residential and commercial solar installations for 8 years. This landmark legislation is part of H.R. 1424, the Emergency Economic Stabilization Act of 2008, designed to address the U.S. financial crisis. It is the most significant federal policy ever enacted for the solar industry. President Bush has vowed to sign the bill into law. The Senate passed the bill on Wednesday night.

“This bill is a major step in our long journey toward energy independence and ensured that solar energy will be a significant part of America’s energy future,” said SEIA president Rhone Resch. “This long-term extension of the solar tax credits will create a domestic solar industry with hundreds of thousands of jobs while providing clean, affordable, carbon-free energy to millions of American families, businesses, and communities.”

“On behalf of the 60,000 Americans employed by the solar energy industry, we would like to thank Leaders Reid and McConnell and Senators Baucus, Grassley, Cantwell and Ensign for the dogged support for the solar tax credit extension. In the house we are thankful to Leaders Pelosi, Hoyer, Beohner, and Blunt, and Chairman Rangel, Ranking Republican McCrery and Rep Camp among many other who have long worked to bring energy to the mainstream. These leaders have broken through partisan politics and have provided a bright future for solar energy in the United States,” said Resch.

“By passing this bill, Congress has finally given the solar energy industry ‘policy certainty’ that will attract investment, expand manufacturing and lower the cost of solar energy to customers,” said Roger Efir, SEIA chairman and president of Suntech America, a leading Chinese solar power manufacturing company. “This will allow companies like mine to move forward with expansion plans to serve the growing U.S. market.”

“This bill puts the sun to work for every American,” added Resch. “And by 2016, we expect solar energy to be the least expensive source of electricity for consumers.”

The solar investment tax credit (ITC) provision will:

- Extend for 8 years the 30-percent tax credit for both residential and commercial solar installations;
- Eliminate the \$2,000 monetary cap for residential solar electric installations, creating a true 30-percent tax credit (effective for property placed in service after December 1st, 2008);
- Eliminate the prohibition on utilities from benefiting from the credit;
- Allow Alternative Minimum Tax (AMT) filers, both business and individuals, to take the credit;
- Authorize \$800 million for clean energy bonds for renewable energy generating facilities including solar.

The solar tax credits were originally enacted in 2005 and have created unprecedented growth in the U.S. The amount of solar electric capacity installed in 2007 was double that installed in 2006.

“Over the last 2 years, these tax credits have turned the solar industry from a small, cottage industry into an economic engine for America. Electricians, plumbers, roofers and construction workers can now get back to work. These jobs are the backbone of the American economy and the solar industry is creating them at a time when they are needed the most,” said Resch.

According to a new economic study by Navigant Consulting, Inc., the 8-year extension of the ITC will create 440,000 permanent jobs and unleash \$325 billion in private investment in the solar industry. This study did not factor in elimination of \$2,000 monetary cap on the residential credit, so that actual job creation and investment could be even greater.

“This is a big boost for the residential market in particular, allowing homeowners to contribute to our nation’s energy independence,” said Efir. “It also opens the floodgates for building large, utility-scale solar power projects that need longer timeframes to complete.”

To date, there are 27 such utility-scale solar power projects totaling 5,400 megawatts of power in various stages of development; most were on hold due to uncertainty surrounding the expiring tax credits.

Because solar energy components are manufactured near their markets, this extension will create manufacturing and installation jobs in all 50 states. These states that will enjoy the largest economic boost are California, Florida, Arizona, New Mexico, Nevada, New Jersey, Massachusetts, New York, Oregon, and Washington.