



Lawmaker Seeks New Tax Credit to Brighten Solar Power's Future

Story by Walt Williams

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House Bill 2535 proposes to allow homeowners to qualify for a personal income tax credit of up to 30 percent of the cost of buying and installing a solar power system.

CHARLESTON -- There may come a day when rooftops across the country are lined with solar panels, but some alternative energy advocates don't see West Virginia as ready for that future.

With the exception of net metering, West Virginia, unlike many states, offers no financial incentives for the installation of solar panels on homes. A bill before state lawmakers would offer residents tax credits up to \$2,000 to install solar systems in their homes.

Michael McKechnie, owner of Mountain View Builders in Berkeley Springs, said it is exactly what he needs to expand his business in the Mountain State. The company specializes in the construction of energy-efficient and renewable energy homes, but most of its business is in neighboring states that have better incentives.

"We can hire more people and give them jobs," he said. "And those are well-paying jobs."

House Bill 2535 by Delegate Bill Wooton, D-Raleigh, would allow homeowners to qualify for a state personal income tax credit up to 30 percent of the cost of buying and installing a solar power system for their homes. The cap on the credit would be \$2,000.

It also changes state law on net metering, which essentially is a practice in which power companies compensate homeowners who produce their own electricity for the energy they put into the grid. The proposed law would require that power companies credit homeowners 1.5 cents per kilowatt-hour for any energy they produce beyond their monthly consumption.

The proposal came from a constituent who believes West Virginia should have some sort of credit for solar energy, Wooton said.

"Tax credits are the most efficient way for state governments to develop this type of development," he said.

While West Virginia currently is in better financial shape than its neighbors, state officials project it could face budget deficits in coming years if the economy doesn't improve. Wooton said he doesn't see the tax credit as a potential drain on state resources because it will generate sales taxes from the purchase of solar equipment and income taxes from the workers hired to install that equipment.

The cost of installing solar systems can vary greatly, often depending on the home and complexity of the system.

Kouros Sedghisigarchi, an assistant professor of engineering at the West Virginia University Institute of Technology, studied the cost effectiveness of installing solar panels on homes in the Mountain State and concluded that at a cost of \$18,000 they don't pay for themselves.

Given the amount of energy consumed by the typical West Virginia household and the amount of solar energy available, homeowners would be \$9,500 poorer after the typical 30-year lifespan of a home solar power system, his research found.

However, that will likely change as early as 2020 as energy prices continue to climb, he concluded. More generous net metering laws or tax credits for solar panels also could make them cost effective before that date.

While West Virginia currently has a net metering law that allows for a small credit for homeowners who put energy back into the grid, the state also provides tax credits for corporations and utilities that produce wind power.

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