

2020 WASHINGTON Residential Solar Incentives



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2020 WASHINGTON STATE RESIDENTIAL SOLAR INCENTIVES

Federal incentives, state tax breaks, and high producing solar panels give Washington homeowners the opportunity to take advantage of incredible financial benefits when switching to solar.

When you switch to solar, we'll take care of the majority of your incentive paperwork. All of our solar systems come with free project management support, and we'll supply all the information necessary for your tax documents and communicate with your tax professional as needed.

WASHINGTON STATE SOLAR TAX EXEMPTION

As of July 1st, 2019, all solar systems smaller than 100 kilowatts are exempt from state and local use tax. This tax exemption helps Washingtonians save thousands when installing solar panels on their property. For a standard sized solar system, this will save Washington property owners \$2,000+ on the overall cost of going solar.

This statewide solar tax exemption extends through 2029 and pairs well with the Federal Solar Investment Tax Credit.

Here's How The State Solar Tax Exemption Works

All tax obligations are waived when you purchase solar in the state of Washington. The city that you live in will determine how much you save in overall costs. As an example, if you live in Longview, Washington, you will save 8.1% on the overall cost going solar. If you live in Tacoma, Washington, you will save 10.2% on the overall cost of going solar.

FEDERAL SOLAR INVESTMENT TAX CREDIT (ITC)

The Federal government incentivizes homeowners to purchase solar by reducing the barriers to entry. This incentive lowers your federal tax obligations on a dollar-to-dollar basis, through a cash rebate. There is no ceiling on this tax credit. The Federal Solar Investment Tax Incentive is worth 26% of the total purchase price of your solar system, no matter the system size or cost.

Your solar system must be installed before January 1st, 2021 in order to qualify for the entire 26% rebate. This solar incentive is going away in 2022. Below is a timeline of anticipated federal rebate changes.

At Smart Solar Energy, we pride ourselves on telling you everything you need to know to make the smartest possible decision about your home energy needs. This ebook is part of a series of educational resources that we make available for free (you don't even have to give us your email)! Visit us at smartsolarenergy.com to learn more and browse our other resources.

Smart Solar Energy is the smart choice for Pacific Northwest homeowners who are making the transition to clean, renewable energy. Our priority is providing the resources that will allow you to make the smart choice for your unique situation.

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SMART SOLAR
ENERGY

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2020: Owners of new residential and commercial solar systems can deduct 26% of the cost of the system from their federal tax obligations.

2021: Owners of new residential and commercial solar systems can deduct 22% of the cost of the system from their federal tax obligations.

2022: Owners of new commercial solar only (not residential) can deduct 10% of the cost of the system from their federal tax obligations. The ITC vanishes for homeowners in 2022.

Here's how the Solar Investment Tax Credit works

For every dollar your solar system costs, the federal government will award you 26 cents back in tax credits. This is how you reduce your overall federal tax liability. This is a dollar-for-dollar tax rebate, not a tax write-off. There is no ceiling on the amount of tax credits you can be awarded – the 26% credit applies, no matter the size of your solar system.

Understanding Cost

You will receive 26% of the total cost of your solar system on your next year's tax return. For instance, if the final purchase price of your new solar system is \$20,000, you will get an additional \$5,200 back from the federal government.

Calculation example 1:

$(\$20,000 \text{ cost}) \times (0.26 \text{ rebate}) = \$5,200$

In this example, you will receive an extra \$5,200 back from the federal government.

Calculation example 2:

$(\$15,000 \text{ cost}) \times (0.26 \text{ rebate}) = \$3,900$

In this example, you will receive an extra \$3,900 back from the federal government.

SOLAR BOOSTS HOME RESALE VALUE

Solar panels don't just reduce your energy costs and help the environment; they also increase your property value. According to Zillow, homes with solar sold for nearly 3% more than comparable homes without. That means an average home with solar across the United States sold for an additional \$9,274.

Zillow's findings reflect similar studies published by the Lawrence Berkeley National Renewable Energy Laboratory, which drew on a sample of 23,000 homes across the country.

UNDERSTANDING PROPERTY RESALE VALUE

Your property value will increase by an average of 3% the moment you go solar. For instance, if your property value was \$400,000 before installing solar, it would be worth \$412,000 after installing it.

WHAT IS NET ENERGY METERING?

Typically, utility companies only need to keep track of the amount of energy you consume on a monthly basis. When you go solar, your utility company needs to keep track of the amount of energy you produce on a monthly basis. With Net Energy Metering, your utility company can keep track of both. At the end of the month, your power company will subtract the amount of energy you produce from the amount of energy you consume, reducing your monthly power bill. Any additional energy credits you store up will be carried over to your next month's bill throughout the year.

Each kilowatt-hour of energy you produce is equivalent to the retail market value of a kilowatt hour of energy you purchase from your utility company. You can literally save up energy credits in the form of solar power created during the longer days of summer and then use them during the shorter days of winter.

UNDERSTANDING NET ENERGY METERING

Imagine your new solar energy system generates 1,000 kilowatt hours of solar power in the month of June, but you only end up consuming 700 kilowatt hours of energy that month. You'd have an extra 300 solar credits that would carry over into the month of July. If you consume more energy than you produce, then the solar energy credits you have stored up would automatically be applied. Think of it as a sort of "energy storage bank." Net Energy Metering keeps track of it all.