MEMORANDUM IN SUPPORT OF
A.5541-A (Paulin) / S.5119-A (Griffo)
In Relation to Providing a Tax Credit for the Installation of Small Wind Generators at New York Homes, Farms, and Businesses

April 2018

The Alliance for Clean Energy New York (ACE NY) supports A.5541-A/S.5119-A and urges its immediate passage. This bill would provide a tax credit for small wind energy system equipment used for on-site power, beginning January 1, 2019.

The purpose of this legislation is to encourage homeowners, commercial businesses, and farms to install and use wind energy equipment by allowing those who make these investments (via purchase, lease, or power purchase agreement) to benefit from a tax credit. Specifically, a taxpayer could qualify for a tax credit equal to 25% of the cost of installing a system up to 100 kW for residential systems and 900 kW for commercial and farm systems. The tax credit would be capped at $15,000 for individuals or $100,000 for commercial and farms.

Both residential solar and small wind currently benefit from retail net metering, which allows owners to sell back excess electric generation to the grid. But while small wind can be the perfect clean energy solution for farmers, small businesses, and homeowners (with more than 3 acres), especially in Central New York where it is windy, small wind systems do not enjoy the same tax treatment as solar – small wind customers do not have access to a personal income tax credit.

Enacting an income tax credit for small wind will be a step towards parity, and it could encourage some New Yorkers to invest in a technology that will allow them to produce their own electricity – with no pollution or water use – thereby bringing down their own energy bills. All types of clean distributed generation benefit not only the individual owners, but the grid as a whole by bringing down demand from centralized power plants (and thus dampening wholesale power costs) and doing so with no pollution. Furthermore, all types of renewable energy will be needed to help New York achieve its 50% renewable energy by 2030 goal.

This legislation is modeled on the popular solar system equipment tax credit (Chapter 375 of 2012). First year fiscal impact of the proposed residential (capped at $15,000) and commercial (capped at $100,000) state tax credits would be less than $3.5 million. This estimate is based on the installation of approximately 150 5–15 kW residential systems and 12 15-900 kW commercial systems, which represents strong growth over current installation levels. For comparison, there were 41 systems installed in 2015 (totaling 1713 kW), 40 systems installed in 2016 (totaling 639 kW), and 29 systems installed in 2017 (totaling 332 kW).

For the above reasons, the Alliance for Clean Energy New York supports this legislation. For more information contact Zack Dufresne, Policy Director, at 518.432.1405.