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NEW YORK

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Residential Solar Tax Credit

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Program Overview:

State:	New York
Incentive Type:	Personal Tax Credit
Eligible Renewable/Other Technologies:	Solar Water Heat, Solar Space Heat, Photovoltaics
Applicable Sectors:	Residential, Multi-Family Residential
Amount:	25% for solar-electric (PV) and solar-thermal systems
Maximum Incentive:	\$5,000 for solar-energy systems
Eligible System Size:	25 kW maximum*, except 50 kW for solar systems owned by condominium or cooperative housing associations
Equipment Requirements:	Systems must be new and in compliance with all applicable performance and safety standards
Installation Requirements:	Electricity generation systems must be grid connected and net metered.
Carryover Provisions:	Excess credit may be carried forward five years
Start Date:	01/01/1998 (solar electric); 01/01/2006 (solar thermal)
Authority 1:	<u>NY CLS Tax, Article 22 § 606 (g-1) et seq.</u>
Date Enacted:	08/02/1997 (solar electric)
Date Effective:	01/01/1998 (solar electric) 01/01/2006 (solar thermal)

Summary:

Enacted in August 1997, this personal income tax credit originally applied to expenditures on solar-electric (PV) equipment used on residential property. The credit, equal to 25% percent of the cost of equipment and installation, was expanded in August 2005 to include solar-thermal equipment. The solar-thermal provisions apply to taxable years beginning on and after January 1, 2006. The credit is capped at \$3,750 for solar-energy systems placed in service before September 1, 2006, and capped at \$5,000 for solar-energy systems placed in service on or after September 1, 2006.

Solar-energy equipment is defined as "an arrangement or combination of components utilizing solar radiation, which, when installed in a residence, produces energy designed to provide heating, cooling, hot water or electricity." The credit may not be used for pool heating or other recreational applications. Any amount of credit that exceeds a taxpayer's liability in a given tax year may be carried forward for the five following taxable years. Any portion of the system cost provided by a non-taxable federal, state, or local grant is not eligible for this credit.

Systems must comply with the 25 kW capacity limit on residential, net-metered solar-energy systems*. In 2007, legislation was passed increasing the capacity limit to 50 kW for condominiums and cooperative housing associations. In addition, members of condominium management associations and tenant stockholders of cooperative housing associations are now allowed to claim a proportionate share of the total system expense towards the tax credit. These changes took effect beginning in the 2007 tax year, but as with other portions of the tax credit, they do not have an expiration date.

**The language of the tax credit generally requires that PV systems conform to the state's net metering law. In August 2008, the state net metering law was expanded by S.B. 7171 to increase the net metering size limits for residential PV systems from 10 kW to 25 kW. While several subsequent versions of the tax credit claim form did not reflect this change, the 2011 Solar Tax Credit [Form IT-255](#) uses revised language which no longer references the former 10 kW limit.*

Contact:**Taxpayer Assistance - Personal Income Tax Information Center**

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