

Global Project Finance

New York Provides Tax Credit for Homeowners Who Lease Solar Systems or Sign Solar Power Purchase Agreements and Other Tax Incentives

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New York Governor Andrew M. Cuomo recently signed three bills into law that expand the NY-SUN Initiative in effort to make solar-generated electricity more affordable for homeowners and businesses in the state. The new laws include statewide personal income tax credits for the lease of solar energy equipment and power purchase agreements, statewide sales tax exemptions for commercial solar energy equipment and an extension of the real property tax abatement in New York City for solar energy installations.

The personal income tax credit for solar energy systems provides a tax credit against the State's personal income tax for homeowners who obtain solar energy equipment through a lease or a power purchase agreement with a term of at least 10 years. The tax credit is for an aggregate maximum of \$5,000, payable over a period of up to 15 years. The NY-SUN Initiative believes that solar leases and power purchase agreements—which often reduce or eliminate up-front costs to the customer—have the potential to increase significantly the pace of solar energy installations in the state. The provisions of the law have already taken effect. Based on the current New York income tax law, it does not appear that the tax credit will be treated as a tax preference for purposes of the New York alternative minimum tax. Previous coverage of New York's tax benefits for residential solar energy systems is available [here](#).

Solar Sales Tax Exemption and Property Tax Abatement

The sales tax exemption for commercial solar energy systems exempts the sale and installation of commercial solar energy equipment from the statewide sales tax and allows municipalities and cities to exclude these costs from local sales taxes. The NY-SUN Initiative intends for the sales tax exemption to be used to install solar energy systems on commercial buildings, which generally have large rooftops and have tenants with high-energy demands. The provisions of the law take effect on January 1, 2013.

The New York City real property tax law abatement extends the property tax abatement available to solar energy systems installed at residential, commercial and industrial properties in New York City through 2014. The NY-SUN Initiative intends for the extension to mitigate the cost of installing solar installations in New York City. The provisions of the law take effect on January 1, 2013.

The NY-SUN Initiative is a dynamic public-private partnership that is intended to drive growth in the solar industry and make solar technology more affordable for all New Yorkers. Additional information regarding the NY-SUN Initiative and its various programs is available [here](#). Previous coverage of the NY-SUN Initiative and its funding initiatives for large-scale photovoltaic systems in New York City and upstate New York is available [here](#).



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