



e-newsletter

October 28, 2009

Incentives for Solar Energy Projects

On October 27, 2009, President Obama visited Florida Power & Light's new solar energy plant in Arcadia, where he announced Recovery Act funding for Smart Grid technology designed to promote, among other things, renewable energy. The current administration has consistently stressed the importance of renewable energy to the security and economy of the country.

With this visit drawing attention to solar power specifically, it is a good time to address certain Federal, state and local tax incentives that are available to Florida's business owners who choose to implement solar energy systems on their property. Although this eNewsletter will focus on opportunities for businesses which convert to solar power, it must be noted that incentives are also available to individuals who integrate solar power into their personal residences, and that similar or comparable incentives are available for other forms of renewable energy, such as wind and biofuels.

Federal tax incentives for eligible solar energy property include:

- accelerated and bonus depreciation: a five year depreciation schedule with a fifty percent bonus depreciation in the year the eligible solar energy property is placed in service;
- an investment tax credit: thirty percent of the expenditures for eligible solar energy property in the year placed in service;
- a production tax credit: currently 2.1 cents (a number adjusted annually for inflation) per kilowatt hour of electricity produced from eligible solar systems (not available to taxpayers who elect the investment tax credit for the same property).

In addition to Federal tax incentives, there are also various grants and loans that may be available at the Federal level for renewable energy projects, including through the U.S. Department of Energy loan guarantee program and the U.S. Department of Treasury renewable energy grant program.

Incentives provided by the state of Florida for eligible solar energy property include:

- a production tax credit comparable to the federal one discussed above;
- a sales tax exemption for the sale of solar energy systems equipment;
- a rebate program for taxpayers who purchase and install certain solar energy systems (up to \$100,000 for a commercial solar photovoltaic system).

In addition to various local government incentives for solar power, including Orange County, which has a rebate program for certain solar hot water systems, many electric companies have

rebate programs for the installation of solar systems, as well as the possibility of selling excess electricity produced back to the electric company.

If you have any questions on the specific requirements on any of these tax incentives, please contact Christine L. Weingart at 407-428-5175 or cweingart@deanmead.com, Brad Gould at 772-464-7700 or bgould@deanmead.com or Michael Minton at 772-464-7700 or mminton@deanmead.com.

Dean Mead's Agribusiness Team has a long history of representing agribusiness throughout the State of Florida. We represent clients in all aspects of their operations, including: formation and administration of business entities, negotiation and preparation of leases and contracts, environmental permitting and enforcement, insurance coverage analysis and litigation, tax planning, estate planning for principals of agribusiness entities, real estate transactions, land use and zoning representation, pesticide litigation, worker protection and safety, eminent domain, wetlands and wetlands banking and secured lending negotiation and documentation. Our Team has extensive experience with real estate development of former agricultural lands.

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