

Missouri halts solar tax break as federal incentives expand

August 17 2022, by DAVID A. LIEB



Credit: Unsplash/CC0 Public Domain

As the U.S. government expands incentives for renewable energy, a decision by the Missouri Supreme Court is moving the state in the opposite direction by halting a solar energy tax break that has been on the books for nearly a decade.

[Legislation signed Tuesday](#) by President Joe Biden pumps about \$375

billion over a decade into initiatives intended to combat climate change. Those include expanded tax breaks for the production of clean energy, such as wind and [solar power](#), and for consumers to install [solar panels](#) on their property.

Democrats passed the legislation through a divided Congress last week, around the same time that Missouri's highest court struck down a 2013 state law granting a property tax exemption for certain [solar energy systems](#). The court said the tax break wasn't allowed under the state constitution.

The case involved a privately run solar farm supplying energy for City Utilities of Springfield, which serves Missouri's third largest city. As a result of the ruling, the company owning the solar energy farm will owe at least \$423,360 in property taxes from 2017 to 2020, said Greene County Collector Allen Ictet.

It's not clear how many other solar energy sites across Missouri could be affected by the ruling, or exactly how much tax revenue is at stake.

But the ruling could have a chilling effect on solar energy development in Missouri, just as the federal government is trying to encourage it.

"This obviously would put a big kink and cost in the way of someone trying to lay out a large panel system, if you've got to pay taxes on the material generating this renewable, free energy," said Jon Dolan, executive director of the Missouri Solar Energy Industries Association.

Federal and state governments have long offered some sort of incentives for solar energy. A federal income tax credit for people who install solar panels on their property, or make other energy efficient improvements, has been renewed multiple times since 2005. The legislation signed by Biden extends the tax credit through 2034.

The new federal law also includes billions of dollars for tax credits to spur investment in clean-energy manufacturing facilities and to offset the production costs of such things as solar panels, [wind turbines](#) and batteries.

Beginning in the early 2000s, many states also financed rebates for residents to make energy efficient improvements. While some of those program have been phased out, states have continued to offer other incentives for [renewable energy](#).

Missouri was one of 38 states, and the District of Columbia, offering some sort of property tax break for solar energy systems, according to a database kept by the N.C. Clean Energy Technology Center at North Carolina State University. Some states offer full tax exemptions while others provide relief only for a limited time or only for residential solar systems. Some states have given local officials the authority to waive property taxes for solar energy systems.

The Missouri court ruling "is an outlier" nationally, said Brian Lips, senior project manager for policy at the N.C. Clean Energy Technology Center.

"Many of these incentives are basically on autopilot at this point," Lips said. "So it's interesting for a state to question something, especially something that has been in place for so long."

Missouri won't be devoid solar energy incentives. [A new state law](#) taking effect Aug. 28 will offer a sales tax exemption to companies that purchase components to construct solar energy systems. That law also creates a task force to study solar energy policies, focused particularly on those who distribute [energy](#) from their own solar panels to the electric grid.

© 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Missouri halts solar tax break as federal incentives expand (2022, August 17) retrieved 7 May 2024 from <https://techxplore.com/news/2022-08-missouri-halts-solar-tax-federal.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.