

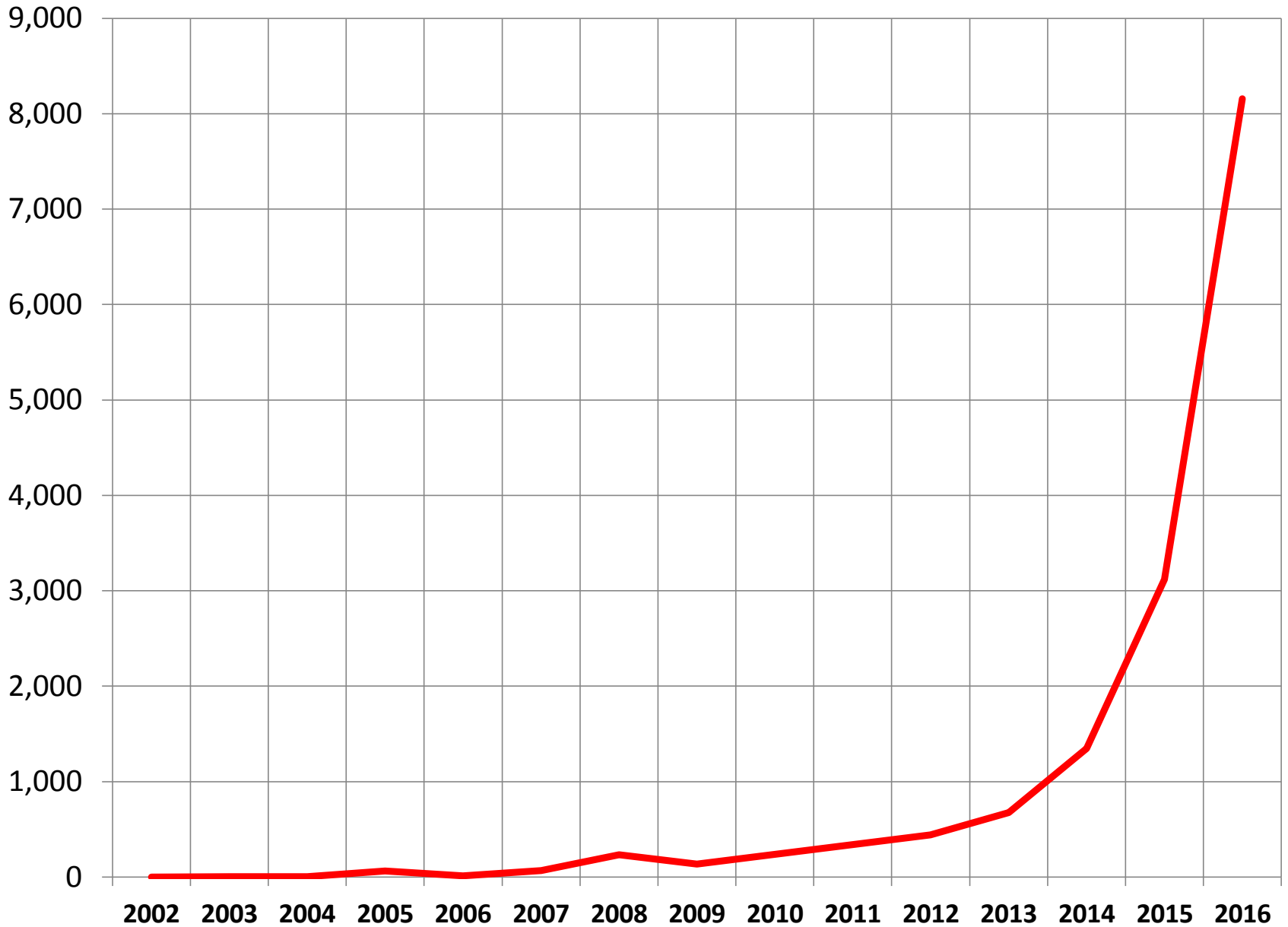
Utah's Rooftop Solar Tax Credit Problem

Basic Background

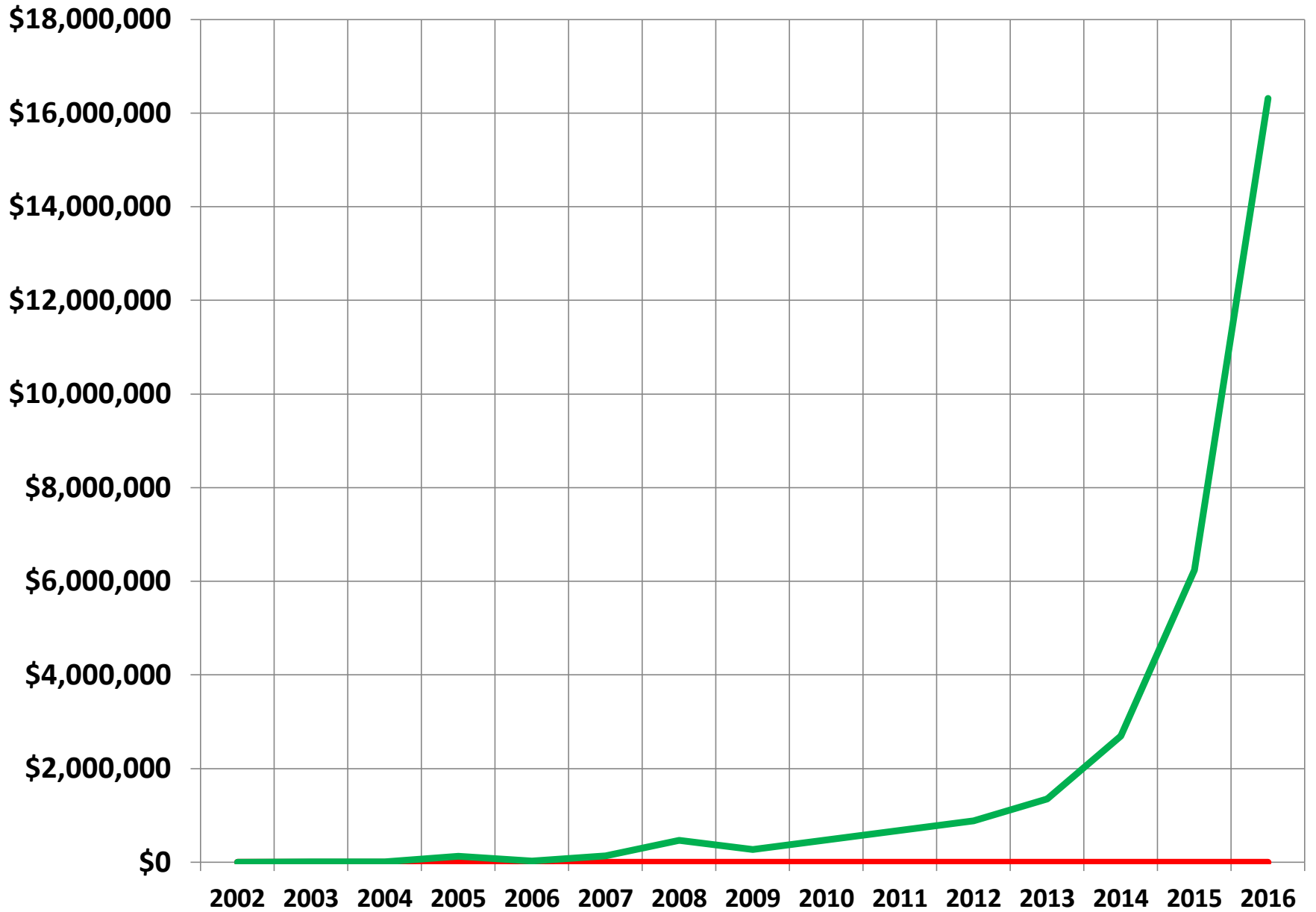
- Current form of Tax Credit from 2002
- Provides tax credit to individual of \$2,000 or 25% of cost of the system (whichever is less)
- Currently no limits or caps to program
- As income tax credits they directly impact the Education Fund

The Problem

New Utah PV Installs (Net-Metering Agreements) 2002-2016

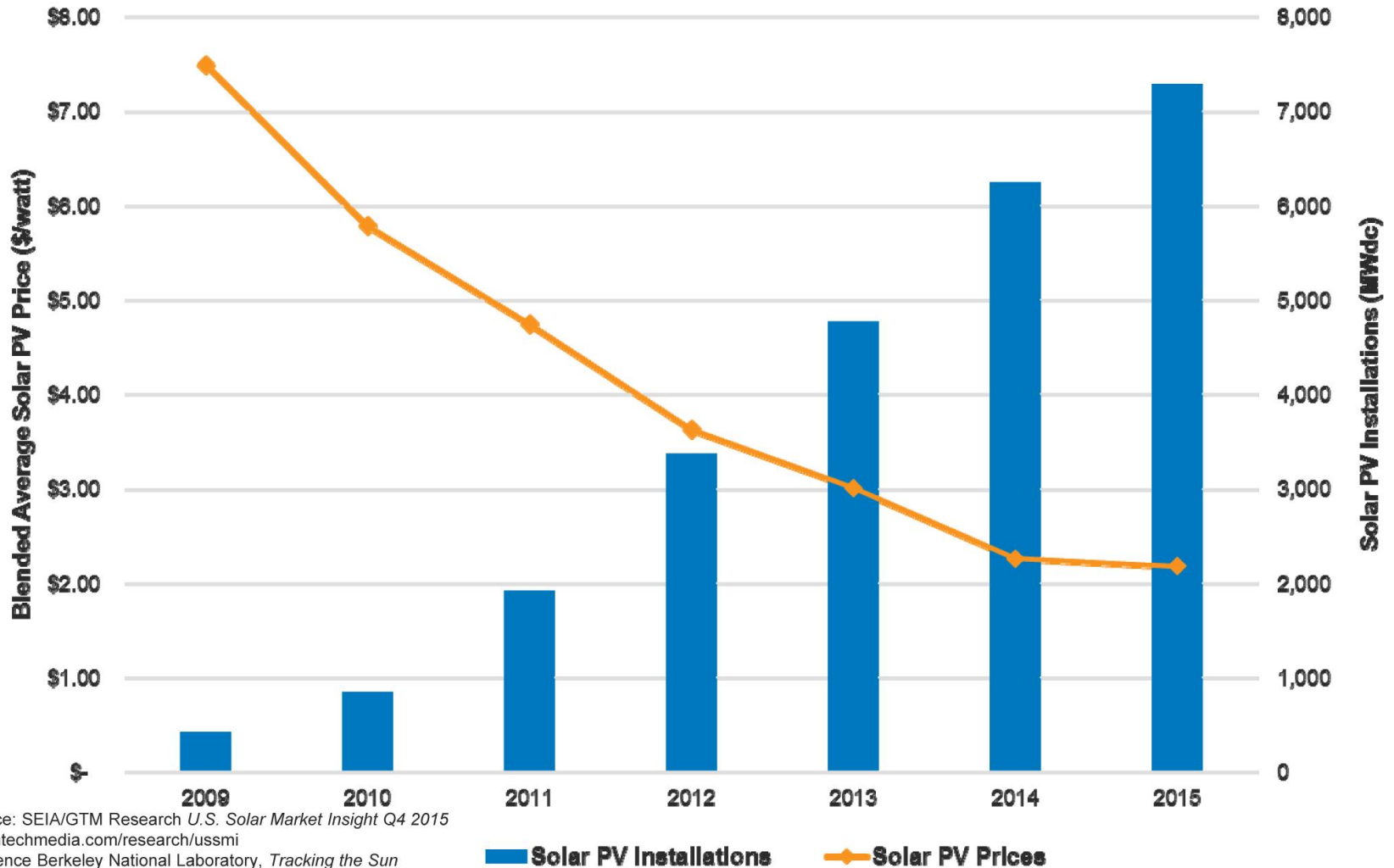


Impact to Education Fund Based on Tax Credits Issued



WHY IS THIS HAPPENING?

Growth in Solar led by Falling Prices



Source: SEIA/GTM Research U.S. Solar Market Insight Q4 2015
greentechmedia.com/research/ussmi
Lawrence Berkeley National Laboratory, *Tracking the Sun*

Total Budgetary Impact
to the Education Fund
for 2016
will likely top
\$20M

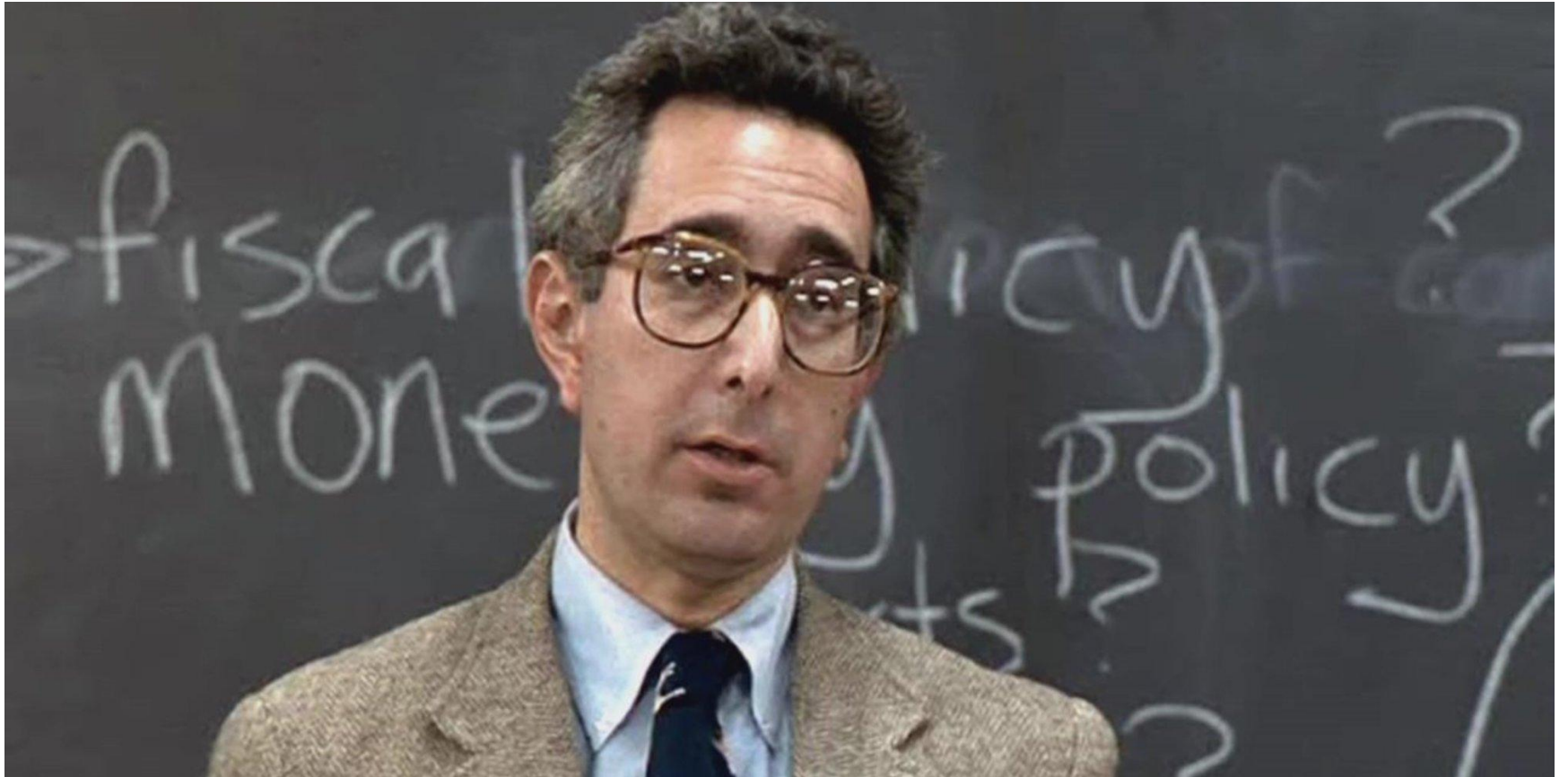
If current trends continue,
impact to the
Education Fund in 2017
could reach
\$40M-\$60M

What will \$20M buy?

Nearly 1% WPU Increase



400 Teachers (@\$50k salary+benefits)



66 Million Crayons



Philosophical Questions

- When does an incentive become a subsidy?
- Does Utah want to be in the subsidy business?
- If so, to what degree?
- If not, how do we address current programs?

BILL PROPOSAL: Goals

- Contain budgetary impact to Education Fund
- Promote industry independence by phasing out credit over time
- Minimize market shock

BILL PROPOSAL: Contain Impact

- Create a credit moratorium upon the Governor's signing of the bill in 2017.
- Moratorium limits budget impact to \$20M-\$30M for 2017.
- Creates a \$4M cap for the credit in 2018

BILL PROPOSAL: Phase Out

- Cap is reduced by \$1M each year until credit ends December 31, 2021.
- Value of credit phased lower:
 - 2017 > \$2,000
 - 2018 > \$1,500
 - 2019 > \$1,000
 - 2020 > \$500
 - 2021 > \$250

