

The Solar Investment Tax Credit is a 30 percent tax credit for solar systems on residential and commercial properties.

When the law was enacted in 2005, solar pool heating systems were specifically excluded from taking advantage of the tax credit. This action put solar pool-heating system manufacturers at a disadvantage. Dealers and contractors who market solar products are incentivized to sell products that are eligible for the tax credit, resulting in a decline in sales for solar pool heating systems.

Solar pool heaters provide a clean, domestic and affordable opportunity to reduce energy costs for commercial swimming pools. Hotels, resorts, camps and schools have no choice but to keep their pools at comfortable temperatures. Many of these pools operate indoor, meaning they must be heated year round. Solar pool heating systems are a natural and low cost alternative for these enterprises.

In November 2011, S. 1858 was introduced by Sen. Menendez to amend the definition of “energy property” as follows

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## SEC. 2. INVESTMENT CREDIT FOR EQUIPMENT USED TO FABRICATE SOLAR ENERGY PROPERTY.

(a) In General.--Subparagraph (A) of section 48(a)(3) of the Internal Revenue Code of 1986 (defining energy property) is amended by striking “or” at the end of clause (vi), by adding “or” at the end of clause (vii), and by inserting after clause (vii) the following new clause:

“(viii) equipment designed to be used for the fabrication of property described in clause (i) or paragraph (1) or (2) of section 25D(d), including solar cells and modules that convert sunlight to electricity, but only with respect to periods ending before January 1, 2017.”.

(b) Credit Percentage.--Clause (i) of section 48(a)(2)(A) of the Internal Revenue Code of 1986 (defining energy percentage) is amended by striking “and” at the end of subclause (III) and by inserting after subclause (IV) the following new subclause:

“(V) energy property described in paragraph (3)(A)(viii), and”.

(c) Effective Date.--The amendments made by this section shall apply to periods after the date of the enactment of this Act, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

### SEC. 3. ENERGY CREDIT ALLOWED FOR WATER HEATERS IN POOLS LOCATED ON COMMERCIAL PROPERTY.

(a) In General.--Section 48(a)(3)(A)(i) of the Internal Revenue Code of 1986 is amended by inserting ``located at a single family residence" after ``swimming pool".

(b) Effective Date.--The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act.

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By expanding the ITC to include commercial solar pool heating systems, a number of goals would be achieved, including;

- Reforming the code to ensure that the tax credit applies equally across the spectrum of solar manufacturers, rather than picking winners and losers.
- Increasing sales of solar pool heating systems and helping to reduce dependence on imported fuels.
- Allowing commercial and government customers to save money on the cost of heating pool systems.
- Generating economic growth and ensuring that the United States remains the world leader in solar pool heating technology.

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