



Oregon

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Guidelines for Business Energy Tax Credit Solar Installations on Residential Dwellings (August 2009)

The Oregon Department of Energy (ODOE) often receives Business Energy Tax Credit (BETC) applications for solar PV installations on residential dwellings. The project owners believe they “qualify” for the BETC as they operate their business from their home. Unfortunately, it is not that simple.

The Oregon Department of Energy and Oregon Department of Revenue staffs discussed the issue concerning a project owner who wants to claim a BETC for a solar installation on a residential dwelling. Following are some guidelines from the Oregon Departments of Energy and Revenue:

1. A landlord installing solar panels on a residential dwelling that is an income producing property (e.g, a rental property) is eligible for a BETC. (A landlord installing solar panels on their own personal residential dwelling is not eligible for a BETC, but would be eligible for a Residential Energy Tax Credit.)
2. A homebuilder installing solar panels on a newly constructed residential dwelling that is not their personal residence is eligible for a BETC. (The home **buyer** would not be eligible for a Residential Energy Tax Credit for the same solar installation.)
3. A business owner whose **primary** business is solar installations is eligible for a BETC if they maintain ownership of the solar panels on a residential dwelling for a minimum of five years and can provide a copy of the power purchase agreement between the company and the homeowner. The business owner must also clearly demonstrate that their business of installing solar panels is an established bona fide solar business and not simply an LLC or other business entity formed to install a solar electric system for a specific residential dwelling.
4. A business owner who installs solar panels on their home/business facility and has established a separate revenue meter for 100 percent of their business use only and can provide documentation of the separate meter in addition to their net metering agreement with their business electric provider, is eligible for a BETC.

Under these guidelines, it should be noted that a consultant, self-employed person, independent sale representative or similar type of business owner who maintains their business office in a room of their personal dwelling is **not** likely to qualify for a BETC. Such a business owner, however, will qualify for a Residential Energy Tax Credit for solar installation on their personal residence.

The Oregon Department of Energy can not provide tax advice. For information on taxes, contact your tax preparer or visit the Oregon Department of Revenue (ODOR) Web site at (www.oregon.gov/DOR) or call the ODOR 1-800-356-4222.