

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Environmental Preservation Committee

BILL: CS/SB 2478

INTRODUCER: Environmental Preservation Committee and Senator Dockery

SUBJECT: Florida Solar Incentives Program

DATE: April 13, 2006

REVISED: 4/18/06 04/20/06 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wiehle</u>	<u>Caldwell</u>	<u>CU</u>	Fav/1 amendment
2.	<u>Branning</u>	<u>Kiger</u>	<u>EP</u>	Fav/CS
3.	_____	_____	<u>EA</u>	_____
4.	_____	_____	<u>WM</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The committee substitute creates the Florida Solar Energy Incentives Program, providing for rebates for expenditures on solar energy systems and creating criteria for the rebates. It also appropriates \$1.2 million in recurring general revenue for 5 years beginning with the 2006-2007 fiscal year and continuing through the 2010-2011 fiscal year for the purposes of supporting the development of a solar energy product market in the state and implementing the Solar Energy Incentives Program.

The committee substitute creates section 377.707 of the Florida Statutes.

II. Present Situation:

Currently, as an incentive to install solar energy systems, s. 212.08(7)(hh), F.S., provides for an exemption from the sales and use tax for solar energy systems or any component thereof. The Florida Solar Energy Center is required from time to time certify to the Department of Revenue a list of equipment and requisite hardware considered to be a solar energy system or a component thereof. For FY 2006-07, this equates to a sales tax benefit to persons purchasing solar energy systems of \$1.4 million.¹

III. Effect of Proposed Changes:

The committee substitute creates the Florida Solar Energy Incentives Program. It creates the following definitions.

¹ 2006 Florida Tax Handbook, page 114, line 194.

- “Approved metering equipment” means a device capable of measuring the energy output of a solar thermal system either in BTU or KWH that has been approved by the commission.
- “Certified” means tested by the Florida Solar Energy Center to verify rated output or thermal performance.
- “Commission” means the Florida Public Service Commission.
- “Interconnected” means connected to a utility's electrical grid.
- “Solar photovoltaic system” means a solar energy system, including devices and related equipment, with a peak generating capacity of 100 kilowatts or less used for generating electricity for use in a residence, a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization.
- “Solar thermal system” means a solar energy device that provides domestic hot water for use in a residence, a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization.

The committee substitute appropriates \$1.2 million in recurring general revenue to the Grants and Donations Trust Fund of the Board of Governors each year for 5 years beginning with the 2006-2007 fiscal year and continuing through the 2010-2011 fiscal year for the purposes of supporting the development of a solar energy product market in the state and implementing the Solar Energy Incentives Program.

To the extent that funds are available, an owner or tenant of improved property in this state is entitled to a rebate for expenditures made for a solar photovoltaic system that is installed in accordance with the bill after July 1, 2006, and that will be interconnected with the electric grid.

To qualify for the rebate, the solar photovoltaic system must:

- be installed by a state-licensed master electrician, electrical contractor, or solar contractor,
- comply with state interconnection standards as provided by the commission,
- comply with all applicable building codes as defined by the local jurisdictional authority, and
- include minimum service and warranty contracts.

The rebate amount is set at \$4 per watt for the initial year, decreasing by 50 cents per watt each subsequent year for the remainder of the 5-year period. However, if the solar equipment is manufactured within the state, the initial rebate amount is set at \$5 per watt, with the same decrease of 50 cents per watt each year for the remainder of the 5-year period. The bill limits the maximum allowable rebate per solar photovoltaic system installation as follows:

- For a residence, \$20,000, and
- For a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization, \$100,000.

In the case of a newly constructed residence, the rebate must be available to the original owner or occupant using the dwelling as his or her principal residence.

The committee substitute also establishes a similar rebate for solar thermal systems. The rebate is available to the owner or tenant of the same types of property, and there are the same types of qualification criteria, with the exception of the interconnection requirement (as solar thermal does not generate electricity).

The solar thermal system rebate amounts are:

- For a residence, \$300 unless the solar equipment is manufactured within the state, in which case the rebate amount is \$500, and
- For a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization, the rebate amount is \$15 per 1,000 BTU as verified by the Florida Solar Energy Center. The maximum allowable rebate is \$5,000. An approved metering system is required.

The commission is required to adopt rules necessary to implement the bill, including amending current interconnection standards for solar energy systems up to 100 kilowatts.

The Florida Solar Energy Center is required to certify the performance of solar equipment sold and installed in the state in accordance with the bill and section 377.705, F.S., which requires the Center to set standards for solar energy systems.

The committee substitute takes effect July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This committee substitute does not require cities and counties to expend funds or limit their authority to raise revenue or receive state-shared revenues as specified by s. 18, Art. VII, State Constitution.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Those persons installing qualified solar energy systems may receive a rebate up to the limits specified in the bill.

C. Government Sector Impact:

The committee substitute appropriates \$1.2 million in recurring general revenue to the Grants and Donations Trust Fund of the Board of Governors each year for 5 years beginning with the 2006-2007 fiscal year and continuing through the 2010-2011 fiscal year for the purposes of supporting the development of a solar energy product market in the state and implementing the Solar Energy Incentives Program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

Barcode 622840 by Communications and Public Utilities:

The amendment:

- specifies that “approved metering equipment” must be capable of measuring solar thermal output either in BTU or KWH equivalents;
- provides that for the non-residential rebate of \$15 per 1,000 BTU, the BTU must be certified by the Florida Solar Energy Center; and
- limits the amount of the non-residential rebate to a maximum of \$5,000.

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