Revising the House Budget Bill Will Strengthen U.S. Energy Dominance, Lower Energy Costs, Protect Small Businesses and Jobs, and Empower Homeowners

America benefits from a broad-based, strategic energy industrial policy. One aspect of this policy, initiated by the Energy Policy Act of 2005 during the Bush Administration, harnesses the country's abundant renewable energy resources to bolster national security, stimulate economic growth, and reduce dependence on foreign energy sources, while also lowering household electric bills and providing well-paying jobs for millions of Americans. The House Budget Bill undermines these benefits. This note suggests four modest changes that keep the bill's larger focus intact but eliminate some of the collateral damage it imposes on working families.

1. Preserving Residential Solar in the US

Residential solar is supported by the Section 25D tax credit for homeowners who invest directly, and by the Section 48E credit for companies that lease residential solar systems to homeowners. Killing these credits undermines America's industrial policy goals, energy independence, and economic competitiveness - the residential solar industry has created over 250,000 jobs across all 50 states, with employment growing at nearly ten times the rate of the overall economy, providing middle-class careers in manufacturing, installation, and maintenance that cannot be outsourced.[1] These credits have helped millions of American families reduce their electricity bills by an average of $1,000-$1,500 annually.[2,3] Furthermore, the residential solar sector has attracted over $50 billion in private investment since 2010, meaning the credit mobilizes private capital at a 15:1 ratio.[4]

Independent economic analyses show that every dollar of tax credit generates $3.00 to $4.00 dollars in economic activity through job creation, increased property values, and reduced healthcare costs from improved air quality, with residential solar installations preventing an estimated 100 million tons of carbon dioxide emissions annually.[5,6] The credits particularly benefit working and middle-class families, with 70% of installations occurring in households earning less than $150,000 per year.[7] In sum, supporting residential solar supports the growth of a skilled workforce in trades like roofing and electrical work, which are foundational to America's industrial base. Abruptly ending the existing residential tax incentives eliminates customer choice, destroys construction jobs, and achieves only modest budget savings.

Recommendation: *Retain residential solar credits on the same schedule for both 25D and 48E.*

2. Use the Existing "Begin-Construction" Standard for Tax Credit Eligibility

The "begin construction" standard for energy tax credit eligibility has been in place for decades. This familiar approach offers the predictability that enables developers to proceed with long-lead-time infrastructure projects. Yet, providing only 60 days after enactment is unworkable. In addition, shifting to a "placed in service" requirement eliminates this predictability and introduces unnecessary risk to projects that face uncontrollable delays, such as permitting hurdles or equipment shortages. Without

the begin-construction standard, developers will stop pursuing larger projects given their unknowable timelines, thus threatening job creation and investment. This potential change also disrupts the financing and contract structures that investors rely on to fund energy development. Reaffirming the "begin construction" rule aligns with existing federal policy and serves as a reliable industrial blueprint, not a moving target.

Recommendation: *Remove the 60-day requirement and return to "Begin Construction" rather than introducing the new "Placed-in-Service" standard.*

3. Matching "Transferability" with the 48E Tax Credit Ramp Down Schedule

The ability to transfer credits under Section 48E makes more investment capital available to fund energy projects. The transferability mechanism is particularly beneficial for small and medium-sized enterprises with lesser tax liability. Removing the flexibility to sell credits would skew benefits toward large firms that already have numerous mechanisms to manage their US tax obligations and hinder the entrepreneurial activity that drives innovation and regional economic development. Keeping this market-based tool in place as long as 48E credits are available supports a competitive tax equity market and ensures that businesses of all sizes are able to invest private capital.

Recommendation: *Match the timeline for transferability of 48E credits to credit availability.*

4. Write Foreign Entity of Concern (FEOC) Provisions to Ensure National Security without Disrupting Domestic Supply Chains

Premature implementation of FEOC provisions will disrupt existing supply chains and delay deployment of critical energy infrastructure. Introducing FEOC now, after investments in the domestic manufacturing base have been made but before they've had time to scale, will stall the reshoring initiative at the core of U.S. energy industrial policy. Moreover, the current FEOC language lacks clarity, creating compliance uncertainty for American manufacturers and developers alike. Postponing implementation until after the applicable tax credits expire, and rewriting the language for precision and enforceability, will ensure both national security and industrial momentum are preserved.

Recommendation: *Simplify FEOC rules and implement so as to avoid supply chain disruptions.*

Notes:
1 Solar Energy Industries Association, National Solar Jobs Census 2023.
2 Lawrence Berkeley National Laboratory, Tracking the Sun 2023.
3 National Renewable Energy Laboratory, Residential Solar Economic Analysis 2023.
4 Wood Mackenzie, U.S. Solar Market Insight 2023.
5 National Renewable Energy Laboratory, Economic Impact Analysis 2022.
6 Environmental Protection Agency, Avoided Emissions Calculator 2023.
7 Solar Energy Industries Association, Residential Solar Market Analysis 2023.

Amicus Solar Cooperative is a 100% member-owned cooperative consisting of over 85 independent solar companies operating in all 50 U.S. states, the District of Columbia and Puerto Rico. Our member companies specialize in the design, installation, and maintenance of rooftop solar systems for homeowners and businesses, contributing to the growth of a sustainable and resilient energy infrastructure across the United States. To learn more, please visit www.amicussolar.com.