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Solar panel tax credits turn into high-stake battle

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The Legislature is poised to vote on major changes to the state's solar tax credits this weekend, and the effort to end the credits by 2017 has turned into a high-stakes battle between factions in the solar industry.

The state offers 50 percent tax credits on the first $25,000 worth of solar panels installed and connected to a home's electrical system. The feds offer a 30 percent credit, meaning homeowners only have to front $5,000 to get a typical $25,000 system.

Since 2010, leasing companies have also been able to take advantage of the tax credits, so they can collect the credits and may lease the panels and system to homeowners in exchange for a monthly payment of around $60.

But the state is in a budget crunch, so, along with other tax credit programs, the solar credits are on the chopping block.

A bill this session by Rep. Erich Ponti of Baton Rouge started out sunsetting the credits in 2020 and limiting the size of systems that could be sold to homeowners.

Then it was changed to help companies that lease the systems and collect the credits themselves, and it pushed up the end date of the credits to 2017.

Then it was amended again to reduce the tax credit for leasers to 38 percent and eliminate the credits even more quickly for them than for sellers. Those amendments also sought to severely limit how much leasers could charge per watt of electricity.

Now, the leasing companies, who complain that the proposed amendments would hurt lower-income families who can't afford to purchase their own systems, are working to get it changed yet again.

Licensed installers like Jeff Shaw of Gulf South Solar say that a change in 2010, also sponsored by Ponti, allowed leasing companies were able to seize 75 percent of the market.

"It seems like just a few companies figured out some loopholes and some ways to work around the law, and that's where it all broke loose," he said.

Aaron Dirks of **Posigen Green Grants**, the state's largest solar leasing company, said there were some companies who came from out of state and abused the system, and he acknowledged more controls were needed.

"We have moved progressively to self reform, because we saw some people coming into the state and, in a small way fortunately, take what could be looked at as an advantage of the program," Dirks said.
But he said Thursday's amendments to Ponti's bill go too far to punish all leasing companies – and hurt poorer homeowners in the process.

“The effort yesterday was a set of amendments that would eliminate that availability of that financing option, which is really for the folks who can't afford to pay tens of thousands of dollars up-front or can't convince a bank to loan them tens of thousands of dollars in an effort to save money on their utility bills,” Dirks said.

The sellers are also trying to amend the bill to block a rash of cheap foreign-made panels, and their effort gained traction earlier this week when **The New York Times published** a story about Chinese-made panels catching fire in California and a general “quality crisis” across the industry.

“As a manufacturer in Louisiana, a lot of these leasing companies that get these tax-credits are installing Chinese-made products,” said Jason Garsee of Nucell Technologies, which he says is the only solar panel maker in the state. “If the tax money is gonna be available then it needs to be American-made products.”

Edward Richmond Sr. of Solar Solutions agrees. He said he buys only American-made products and supports a provision in the amended bill that would require all panels to comply with President Barack Obama’s stimulus law, the American Recovery and Reinvestment Act.

Dirks admits that Green Grants buys panels from Talesun, a Chinese company, but he says they make the panels in Taiwan and other countries that have free-trade pacts with the U.S. He said he’s OK with the ARRA provision in the bill, as long as it allows for purchasing from our free-trade partners.
He said even with massive tariffs imposed on the Chinese products, they’re still cheaper than the American-made ones.

Richmond also is concerned that big leasers like Green Grants and Sader Power have been operating without contracting licenses. The Louisiana State Licensing Board for Contractors said it is investigating several solar companies for using other companies' licenses to install the systems. Green Grants just got its license this month. And Sader’s was approved but still hasn’t been formally granted. Sader could not be reached for comment Friday evening.

Dirks said he doesn’t see that as a big deal, that companies that sell construction equipment often don’t have to be licensed and hire other contractors to do the actual installation work. Still, he said he was willing to get the license to comply.

Dirks said Green Grants' model is based on his partner Tom Neyhart's plan a few years ago to collect various tax credits and home elevation and storm-proofing grants on homeowners’ behalf.

Neyhart is a former partner of convicted felon Aaron Bennett, who bribed former Plaquemines Parish Sheriff Jiff Hingle and is a key witness in the federal corruption case against former New Orleans Mayor Ray Nagin. Dirks said he and Bennett are good friends and have worked together on projects too.

Two years ago, **I reported** on an email Bennett sent to Neyhart, advising him to sign impermissible contracts with homeowners to collect their money, telling him to keep it a secret and insisting that "the state has no authority over this agreement and they don't want any authority."
Neyhart said he did not take Bennett's advice and Bennett was never part of his company Grant Resources Advisors. Bennett is awaiting sentencing for his crimes.