



## LEGAL Q&A

**Q** Does New Jersey provide businesses and individuals with incentives to purchase and use solar energy systems?

**A** Yes. New Jersey is currently the second-biggest producer of solar energy in the U.S., behind California – due, in part, to its liberal encouragement of the purchase and use of solar energy systems.

First, New Jersey provides a sales/use tax exemption relating to sales of certain approved solar energy devices or systems.

Second, New Jersey provides a property tax exemption relating to certified “renewable energy systems” – namely, equipment that is part of, or added to, certain buildings and which produces renewable energy onsite. Under this exemption, the “added value” that a solar energy system adds to the overall assessed valuation of the real property upon which it is located is exempt from real property taxes.

Third, under New Jersey’s acclaimed “Renewable Energy Incentive Program,” resident businesses and individuals can either: (1) receive rebates to reduce the upfront cost of installing solar energy systems; or (2) upon properly registering and installing solar energy systems, earn “Solar Renewable Energy Certificates” (as electricity is generated) which can be sold to electricity suppliers or intermediate parties through a state-sponsored tracking system – thereby enabling resident businesses and individuals to earn recurrent revenue over a fifteen year period.

Lastly, to supplement these incentives, New Jersey resident businesses and individuals can also take advantage of any applicable federal tax and financial incentives, such as a federal tax credit (or a grant, if available) equal to 30% of the qualified costs of purchasing and installing certain solar energy systems.



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