



March 28, 2024

The Honorable Steve Padilla  
California State Senate, Room 6640  
Sacramento, CA 95814

**RE: SB 1191 (Padilla) - Alignment of CA Tax Code to the Federal Treatment of Clean Energy Tax Credits  
As Amended 3/20/24 – SUPPORT**

Dear Senator Padilla,

On behalf of California’s Clean Energy Community and the undersigned organizations, we write in strong support of SB 1191, which would conform the California tax code to provisions of the Inflation Reduction Act (IRA), to take full advantage of incentives for clean energy investment and the development of renewable energy in California. Tax conformity will lead to greater affordability for all California energy consumers.

Our organizations represent the companies developing the wind, solar, storage and clean energy projects necessary to decarbonize California’s electricity sector. To achieve this goal, California must add 145 GW of new zero-emitting resources to the grid by 2045. Constructing new clean energy infrastructure of this magnitude in such a short timeframe requires the use of every tool at our disposal to advance projects in a timely manner.

The clean energy investment incentives in the 2022 Federal IRA constitute a crucial tool to spur clean energy deployment. Two of the key provisions of the IRA are additional mechanisms for eligible taxpayers to monetize certain clean energy tax credits (CETC), including the ability for certain taxpayers to receive a direct payment of the CETC from Treasury (IRC §6417), and to transfer (i.e., sell) CETCs to other taxpayers (IRC §6418). The IRA provides that the cash payment received for these credits is not included in the gross income of the seller and is not deductible by the purchaser.

California has yet to conform its tax code to take advantage of these federal tax incentives and is at risk of slowing clean energy investments. There is precedent for California to take such action. Not only have all other Western states conformed their tax codes, but in prior years, California adopted an exclusion from gross income for specified Energy Property Treasury Grants established under the American Rescue Plan Act (ARPA) and the Paycheck Protection Program Loans established under the Coronavirus Aid, Relief, and Economic Security Act (CARES).

SB 1191 will conform California tax code and incentive investment in clean energy projects, helping us reach our climate and energy goals. For this reason, we are in strong support of SB 1191. Thank you for your leadership on this critical issue. Should you have any questions, please contact Stephanie Doyle, California State Affairs Director at the Solar Energy Industries Association, at [sdoyle@seia.org](mailto:sdoyle@seia.org).

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Scott Murtishaw, Executive Director  
California Energy Storage Alliance (CESA)

Joe Desmond, Executive Director  
California Efficiency Demand and Management Council

Edson Perez, Senior Principal  
Advanced Energy United (AEU)

Cc: The Honorable Mike McGuire, Senate President Pro-Tempore

STATE	TAX CREDIT TRANSFER/DIRECT PAY: SUBJECT TO INCOME TAX?	SUPPORT/EXPLANATION
California	YES	Outdated IRC Conformity
Arizona	NO	IRC Conformity as of Jan 1., 2023
Florida	NO	IRC Conformity as of Jan 1., 2023
Idaho	NO	IRC Conformity as of Jan 1., 2023
Montana	NO	IRC Conformity on Rolling Basis
Nevada	NO	No income tax
New Mexico	NO	IRC Conformity on Rolling Basis
Oregon	NO	IRC Conformity as of Dec 31, 2022
Texas	NO	No income tax
Utah	NO	IRC Conformity on Rolling Basis
Washington	NO	No income tax