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Database of State Incentives for Renewables &amp; Efficiency



12/4/09


**California**  
**Incentives/Policies for Renewables & Efficiency**
**Property Tax Exclusion for Solar Energy Systems**
*Last DSIRE Review: 01/20/2009*
**Incentive Type:** Property Tax Exemption

**State:** California

**Eligible Renewable/Other Technologies:** Solar Water Heat, Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Solar Mechanical Energy

**Applicable Sectors:** Commercial, Industrial, Residential

**Amount:** 100% of system value

**Maximum Incentive:** None

**Terms:** 75% exemption for dual-use equipment

**Authority 1:** Cal Rev & Tax Code § 73
**Expiration Date:** 12/31/16

**Authority 2:** AB 1451
**Date Enacted:** 9/28/08

**Summary:**

Section 73 of the California Revenue and Taxation Code allows a property tax exclusion for certain types of solar energy systems installed between January 1, 1999, and December 31, 2016. This section was amended in 2008 to include the construction of an active solar energy system incorporated by an owner-builder in the initial construction of a new building that the owner-builder does not intend to occupy or use. This only applies if the owner-builder did not already receive an exclusion for the same active solar energy system and only if the initial purchaser purchased the new building prior to that building becoming subject to reassessment to the owner-builder.

Qualifying active solar energy systems are defined as those that "are thermally isolated from living space or any other area where the energy is used, to provide for the collection, storage, or distribution of solar energy." These include solar space conditioning systems, solar water heating systems, active solar energy systems, solar process heating systems, photovoltaic (PV) systems, and solar thermal electric systems, and solar mechanical energy. Solar pool heating systems and solar hot-tub-heating systems are not eligible.

Components included under the exclusion include storage devices, power conditioning equipment, transfer equipment, and parts. Pipes and ducts that are used to carry both solar energy and energy derived from other sources qualify for the exemption only to the extent of 75% of their full cash value. Likewise, dual-use equipment for solar-electric systems qualifies for the exclusion only to the extent of 75% of its value.

System owners should contact the applicable county assessor's office for further information. Click [here](#) for a listing of County Assessor offices in California, and [here](#) for a December 2008 letter to the assessor that further clarifies the terms of the exclusion.

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