

November X, 2021

The Honorable Ron Wyden  
Chairman  
Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Richard Neal  
Chairman  
House Ways and Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairmen Wyden and Neal:

Thank you for your leadership in including refundability language for the Investment Tax Credit (ITC) Section 25D residential renewable energy credit in the most recent versions of the Build Back Better Act. We strongly support an extension of the ITC but it must be equitable and ensure families across all income levels can participate. Under current law, only families with high tax liability can benefit from the ITC. Refundability addresses this inequity in our climate policy.

Unfortunately, the current language that the House is considering for its reconciliation bill delays equity. The refundability language in the bill does not allow for LMI families to participate in clean energy until 2024. The RAND Institute estimates that as many as 26 million households would benefit from direct pay or refundability of the tax credit.<sup>1</sup> According to RMI, 7 out of 10 households cannot receive the full benefit of the ITC in year 1.<sup>2</sup> Four in 10 households cannot receive any benefit from the ITC. It makes no sense to continue to exclude these households for another two years when it is clear that current law only favors those with high tax liability.

As we have seen in recent years, the impacts of climate change are real and here today. Requiring LMI families to wait two years to add solar, battery storage or other clean energy technologies to make their homes resilient is an issue of fairness and equity. Aside from the climate benefits of bringing clean energy to all communities, LMI households are being literally left in the dark for two years as their communities are just as, if not even more vulnerable, to blackouts than wealthier households.

While we applaud the positive steps taken on including refundability for the Section 25D residential renewable energy tax credit, we strongly urge your Committees to not put LMI households at a public health, safety and environmental disadvantage. Please do not delay equity and allow for immediate participation in the refundability provisions in the final version of the Build Back Better Act.

Sincerely,

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<sup>1</sup> <https://www.rand.org/pubs/perspectives/PEA1372-1.html>

<sup>2</sup> <https://rmi.org/congress-cannot-ignore-residential-solar-tax-credit-inequities/>