

# Senate Democrats: Exclude Chinese Solar Panels From ITC

May 15, 2012

Two high-profile Senate Democrats introduced a proposal Tuesday that if passed would set domestic requirements on solar installations looking to qualify for the 30 percent Investment Tax Credit.

The proposed legislation from Sen. Sherrod Brown of Ohio and Sen. Charles Schumer of New York comes on the same week that the Department of Commerce is expected to make a preliminary determination on an anti-dumping tariff on panels coming into the United States from China. If illegal dumping is found, the new tariff would be added to the countervailing tariff that was already implemented to offset subsidies coming from the Chinese government. The latest ruling is expected to be announced on May 17.

Brown and Schumer's proposal would require that 70 percent of the parts of a solar panel must be American made if the developer using that panel wishes to take the Investment Tax Credit. If the panel is shipped to be manufactured in the United States, then 50 percent of the parts would have to be American-made in order to qualify for the credit.

According to Sen. Brown's office, the standalone legislation was just introduced today, so the wording of the bill has not yet been made public. Because of that, several key points are still unknown. It remains unclear how the 70 or 50 percent thresholds would be measured. Also, it's uncertain whether a timetable for implementation would be set within the legislation and whether domestic requirements would be targeted only for panels coming in from China.

A vast majority of bills that are introduced never make it out of committee, and at this point it's impossible to say what level of support it would have. But the timing clearly indicates that key Democrats are watching the U.S.-China trade case closely, and that perhaps they're willing to eliminate the tax benefits that have helped the industry flourish in order to boost domestic production.