

Truro's \$2M ITC at Risk: Federal Rollback Threatens Solar Tax Credits

With enthusiastic voter support at Annual Town Meeting and the May town election, the Town of Truro is moving forward with construction of a solar field at the landfill, the first step towards a solar-powered future.

At the May 3 Annual Town Meeting, Truro voters authorized the Town to appropriate \$5 million to fund “engineering services, construction, decarbonization, and project management related to solar electricity facilities on Town property.” This amount may be borrowed “or otherwise provided.” As the Energy Committee’s supporting memo explained, the cost of converting from fossil fuels to solar electricity would be significantly lessened by “tax credits or equivalents, state incentive payments, grants, and revenue streams from the value of electricity generated.” At the May 13th town election, Truro voters followed up with overwhelming approval of Question 4, a Proposition 2 ½ override “to pay for the bonds issued in order to pay costs of engineering service, construction, decarbonization, and project management related to solar electricity facilities on Town property.”

To move forward with the landfill solar project, Truro must obtain a state Department of Environmental Protection (DEP) permit, post a Request for Proposal (RFP) from solar construction companies, and secure funding. Ideally, Town officials would save taxpayers millions of dollars by obtaining a federal Investment Tax Credit (ITC), but given current political reality, they would have to act immediately. Under the terms of the 2022 Inflation Reduction Act (IRA), solar projects could receive a credit of 30% for eligible installation costs through 2032, Direct Pay reimbursement, and an added 10% bonus credit for being an “[Energy Community](#)” and an added 10% for using domestically manufactured materials.¹ A 30-50% ITC would mean Truro could save \$1.5 to \$2.5 million on a \$5 million project.

However, that ITC is now in serious jeopardy, because Section 48E of the bill recently passed by the House of Representatives, which is now before Senate committees, accelerates the phaseout of this and other clean energy tax credits. The bill states the tax credit would only be available if the solar project were to begin within 60 days after the Congressional Bill is enacted, and the solar field would have to be in service before December 31, 2028.

In the past, the IRS required ITC applicants to demonstrate that a project had begun by passing the “physical work test” or the “5% safe harbor.”² By purchasing 5% of the cost of materials, Truro officials could make the Town eligible for the ITC, but they would have to do so almost immediately. If the Congressional Bill were to be enacted in early August, by early October, the Town would need to have chosen a solar contractor, signed a contract, made an initial 5% payment for materials, and taken delivery of those materials. And that assumes the Treasury Secretary (who reports to the President) doesn’t change the rules. One thing for sure, time is now of the essence in this project.

¹ See the fact sheet, “Solar for Municipalities” from [Solar United Neighbors](#) for an explanation of the ITC. See also “How Local Governments Can Use Direct Pay On Clean Energy Projects” from the [National League of Cities](#).

² See “What does safe harboring mean for the solar industry?” at [Solar Power World Online](#).

To their great credit, members of the Truro Energy Committee, along with Climate Action Coordinator, Chris Palmer, have been working overtime to expedite this process. At their June 4 meeting, they made plans to advance each phase of the solar project. At their June 9 meeting, they provided input to town staff for an RFP. If Town officials work expeditiously, the landfill solar field will be underway—as it almost was ten years ago.

In [2015, Truro was poised on the brink](#) of installing a 1.1 megawatt, 3,000-panel solar field on the capped landfill. As a member of PowerOptions, a consortium of hundreds of towns and non-profits, Truro contracted with their competitively chosen vendor, SunEdison and was in line for securing a 30% ITC, which was available until the end of 2016. After approval by a Special Town Meeting and acquiring the DEP permit and an interconnection agreement with NStar, construction was ready to begin.

And then—an AT&T contractor installing a cable from Route 6 to the cell tower in the northeast corner of the landfill dug a trench across the landfill and tore open the rubber membrane of the cap. Lengthy repairs and DEP recertification followed, and the SunEdison contract was terminated. After coming so far, that was the end of the first attempt to build a landfill solar field.

In 2025, Truro has the opportunity to rewrite the past. Town staff has chosen this time to run their own competitive bidding process, and an RFP should be posted imminently, although that's a process that takes time. Success will entail all elements of Truro's government working together to fulfill the promise of an affordable solar future.

-Elaine Beilin
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