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Senate Bill 1266: Tax Credit for Backup Batteries and Generators

SUMMARY

Senate Bill 1266 seeks to create a tax credit for the purchase of backup generators or batteries for homes or small businesses located within Tier 3 of the California Public Utilities Commission Fire Threat Map.

BACKGROUND

In 2021, California's wildfire season was the second worst wildfire season on record. Californians living in designated wildfire zones face several uncertainties surrounding the threat of wildfires. In addition, individuals and businesses in designated wildfire threat zones encountered public safety power shutoff events lasting from several hours to multiple days leaving them without power.

During severe weather events, utility companies plan power outages to reduce the risk of the systems sparking wildfires. During these de-energization events, also known as Public Safety Power Shutoffs (PSPS), individuals and businesses are left without power through no fault of their own. This negatively impacts those who do not have a source for backup power as well as vulnerable populations.

ISSUE

To mitigate the loss of power during these PSPS events, individuals can utilize sources

for back up generation such as generators or batteries. These backup sources of power provide individuals the ability to meet specific power needs during these de-energization events.

Although backup generation and batteries are effective tools to mitigate the loss of power, the issue presented is the cost of these items. Backup generators can cost anywhere from \$2,000 to \$7,000 while backup batteries can range from \$10,000 to \$20,000.

SOLUTION

SB 1266 strives to relieve individuals and small businesses in Fire Threat District Tier 3 of the financial burden associated with purchasing these forms of backup generation.

Specifically this bill would create a 50% tax credit (not to exceed \$3,500) for the purchase of backup generators and 50% tax credit (not to exceed \$5,000) for batteries for an individual or small business located within Tier 3 of the CPUC Fire Threat Map. This program has a sunset of January 1, 2028.

SUPPORT

Rural County Representatives of California