

422.11L Solar energy system tax credits.

1. The taxes imposed under [this division](#), less the credits allowed under [section 422.12](#), shall be reduced by a solar energy system tax credit equal to the sum of the following:

a. Sixty percent of the federal residential energy efficient property credit related to solar energy provided in section 25D(a)(1) and section 25D(a)(2) of the Internal Revenue Code, not to exceed five thousand dollars.

b. Sixty percent of the federal energy credit related to solar energy systems provided in section 48(a)(2)(A)(i)(II) and section 48(a)(2)(A)(i)(III) of the Internal Revenue Code, not to exceed twenty thousand dollars.

c. Notwithstanding paragraphs “a” and “b” of [this subsection](#), for installations occurring on or after January 1, 2016, the applicable percentages of the federal residential energy efficiency property tax credit related to solar energy and the federal energy credit related to solar energy systems shall be fifty percent.

2. Any credit in excess of the tax liability is not refundable but the excess for the tax year may be credited to the tax liability for the following ten years or until depleted, whichever is earlier. The director of revenue shall adopt rules to implement [this section](#).

3. a. An individual may claim the tax credit allowed a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual’s earnings of the partnership, limited liability company, S corporation, estate, or trust.

b. A taxpayer who is eligible to claim a credit under [this section](#) shall not be eligible to claim a renewable energy tax credit under [chapter 476C](#).

c. A taxpayer may claim more than one credit under [this section](#), but may claim only one credit per separate and distinct solar installation. The department shall establish criteria, by rule, for determining what constitutes a separate and distinct installation.

d. (1) A taxpayer must submit an application to the department for each separate and distinct solar installation. The application must be approved by the department in order to claim the tax credit. The application must be filed by May 1 following the year of the installation of the solar energy system.

(2) The department shall accept and approve applications on a first-come, first-served basis until the maximum amount of tax credits that may be claimed pursuant to [subsection 4](#) is reached. If for a tax year the aggregate amount of tax credits applied for exceeds the amount specified in [subsection 4](#), the department shall establish a wait list for tax credits. Valid applications filed by the taxpayer by May 1 following the year of the installation but not approved by the department shall be placed on a wait list in the order the applications were received and those applicants shall be given priority for having their applications approved in succeeding years. Placement on a wait list pursuant to this subparagraph shall not constitute a promise binding the state. The availability of a tax credit and approval of a tax credit application pursuant to [this section](#) in a future year is contingent upon the availability of tax credits in that particular year.

4. a. The cumulative value of tax credits claimed annually by applicants pursuant to [this section](#) shall not exceed five million dollars. Of this amount, at least one million dollars shall be reserved for claims associated with or resulting from residential solar energy system installations. In the event that the total amount of claims submitted for residential solar energy system installations in a tax year is an amount less than one million dollars, the remaining unclaimed reserved amount shall be made available for claims associated with or resulting from nonresidential solar energy system installations received for the tax year.

b. If an amount of tax credits available for a tax year pursuant to paragraph “a” goes unclaimed, the amount of the unclaimed tax credits shall be made available for the following tax year in addition to, and cumulated with, the amount available pursuant to paragraph “a” for the following tax year.

5. On or before January 1, annually, the department shall submit a written report to the governor and the general assembly regarding the number and value of tax credits claimed under [this section](#), and any other information the department may deem relevant and appropriate.

6. For purposes of this section, “*Internal Revenue Code*” means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, 2016.

2012 Acts, ch 1121, §7, 10, 11; 2014 Acts, ch 1121, §1 – 5; 2014 Acts, ch 1141, §77, 79, 80; 2015 Acts, ch 30, §117, 210; 2015 Acts, ch 124, §1, 2, 9, 10; 2016 Acts, ch 1128, §3, 4, 20; 2016 Acts, ch 1138, §40, 41

Referred to in §422.5, §422.16, §422.33, §422.60, §476C.2, §533.329

Section takes effect May 25, 2012, and applies retroactively to tax years beginning on or after January 1, 2012; 2012 Acts, ch 1121, §10, 11
2014 amendment by 2014 Acts, ch 1121, to subsection 1, paragraphs a and b takes effect May 30, 2014, and applies retroactively to January 1, 2014, for tax years beginning and installations occurring on or after that date; 2014 Acts, ch 1121, §4, 5

2014 amendment by 2014 Acts, ch 1141, to subsection 1, paragraphs a and b takes effect May 30, 2014, and applies retroactively to January 1, 2014, for tax years beginning on or after that date; 2014 Acts, ch 1141, §79, 80

2014 amendments adding paragraphs c and d to subsection 3 and amending subsection 4 take effect May 30, 2014, and apply retroactively to January 1, 2014, for tax years beginning and installations occurring on or after that date; 2014 Acts, ch 1121, §4, 5

2015 amendment to subsection 1, paragraph a, applies retroactively to January 1, 2014, for tax years beginning on or after that date; 2015 Acts, ch 30, §210

2015 amendment to subsection 4, paragraph a, takes effect June 26, 2015, and applies retroactively to January 1, 2015, for tax years beginning on or after that date; 2015 Acts, ch 124, §9, 10

Subsection 6 applies retroactively to January 1, 2015, for tax years beginning on or after that date; 2016 Acts, ch 1128, §20; 2016 Acts, ch 1138, §41

For provisions relating to the eligibility of tax credit applications filed after the May 1 deadline for solar energy systems installed during the 2014 and 2015 calendar years, see 2016 Acts, ch 1128, §14, 15

See Code editor’s note on simple harmonization at the end of Vol VI

Subsection 3, paragraph d amended

NEW subsection 6