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FILED MAR 29 1978

SENATE FILE **2209**

By COMMITTEE ON WAYS AND MEANS
Do pass 4/3 (p. 716)

Passed Senate, Date 4-20-78 (p. 954) Passed House, Date _____

Vote: Ayes 27 Nays _____ Vote: Ayes _____ Nays _____

Approved APR 14, 1978

A BILL FOR

5509-1 An Act providing an exemption from property taxation for solar
2 energy systems and methane gas production systems.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. NEW SECTION. DEFINITION. As used in this
2 Act unless the context otherwise requires "solar energy system"
3 means a system of equipment capable of collecting and
4 converting incident solar radiation or wind energy into heat,
5 mechanical or electrical energy and transforming these forms
6 of energy by a separate apparatus to storage or to point of
7 use.

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8 Sec. 2. NEW SECTION. PROPERTY TAX EXEMPTION. Solar
9 energy systems and methane gas production systems shall be
10 exempt from property taxation for the periods and to the
11 extent provided in this Act upon compliance with the provisions
12 of this Act.

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13 Sec. 3. NEW SECTION. EXTENT OF EXEMPTION. The exemption
14 shall apply to new installations of solar energy systems and
15 methane gas production systems for a period of five years

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16 beginning on January first after the construction or
17 installation of the system is completed. This exemption shall
18 apply for a period of five years beginning on January 1, 1978,
19 to solar energy systems and methane gas production systems
20 existing on the effective date of this Act if the construction
21 or installation was completed after January 1, 1975. The
22 exemption shall apply with respect to each of the five annual
23 assessments within the five-year exemption period and the
24 property taxes payable on the basis of each of the five annual
25 assessments. This exemption for existing systems shall begin
26 with respect to the assessment as of January 1, 1978, and
27 the taxes payable on the basis of this assessment during the
28 fiscal year beginning July 1, 1979.

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29 Sec. 4. NEW SECTION. LIMITS ON AMOUNT OF EXEMPTION.
30 The property tax exemption provided in section two (2) of
31 this Act shall be an amount equal to the difference between
32 the tax on the assessed value of the property with the solar
33 energy system or methane gas production system and the tax
34 on the assessed value of the property without the system.

35 Sec. 5. NEW SECTION. APPLICATION FOR EXEMPTION.

1 Application for the exemption shall be filed with the assess-
 2 ing authority not later than the first of February of the
 3 year for which the exemption is requested, on forms provided
 4 by the department of revenue. The application for exemption
 5 filed shall be applicable for the year in which the application
 6 is filed and the four succeeding years. The application shall
 7 describe and locate the specific solar energy system or methane
 8 gas production system to be exempted. The application for
 9 any specific system shall be accompanied by a certificate
 10 of the director of energy policy stating that the energy
 11 policy council has directed the director of energy policy
 12 to certify that the system is a solar energy system as defined
 13 in section one (1) of this Act or a methane gas production
 14 system and that the primary purpose of the system is to
 15 conserve nonrenewable fossil and nuclear fuel.

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16 Sec. 6. NEW SECTION. RULES. The energy policy council
 17 shall adopt rules relating to certification of a solar energy
 18 system or a methane gas production system under section five
 19 (5) of this Act and information to be submitted for evaluating
 20 a system for which a certificate is requested. The department
 21 of revenue shall adopt any rules necessary to implement this
 22 Act, including rules on identification and valuation of solar
 23 energy systems and methane gas production systems. All rules
 24 adopted shall be subject to the provisions of chapter seventeen
 25 A (17A) of the Code.

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26 Sec. 7. NEW SECTION. JUDICIAL REVIEW. A taxpayer may
 27 seek judicial review of a determination by the energy policy
 28 council concerning the certification of a solar energy system
 29 or a methane gas production system pursuant to the provisions
 30 of chapter seventeen A (17A) of the Code.

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31 EXPLANATION
 32 The bill provides a property tax exemption for installed
 33 solar energy systems and methane gas production facilities.
 34 The exemption is for a period of five years and is equal to
 35 the difference between the tax on the assessed value of the

1 property with the solar energy system or methane gas produc-
2 tion system and the tax on the assessed value of the property
3 without the system.

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SENATE FILE 2209

S-5509

1 Amend Senate File 2209 as follows:
 2 1. Page 2, by inserting after line 15 the follow-
 3 ing new sections:
 4 "Sec. _____. NEW SECTION. SOLAR EASEMENTS--
 5 CREATION. An easement may be obtained for the purpose
 6 of exposure of a solar energy device and shall be
 7 created in writing and shall be subject to the same
 8 conveyancing and instrument recording requirements as
 9 other easements.
 10 Sec. _____. NEW SECTION. CONTENTS. An instrument
 11 creating a solar easement shall include, but the contents
 12 shall not necessarily be limited to:
 13 1. The vertical and horizontal angles, expressed
 14 in degrees, at which the solar easement extends over
 15 the real property subject to the easement.
 16 2. The terms or conditions or both under which
 17 the solar easement is granted or will be terminated.
 18 3. The provisions for compensation of the owner
 19 of the property benefiting from the solar easement in
 20 the event of interference with the enjoyment of the
 21 easement or compensation of the owner of the property
 22 subject to the solar easement for maintaining the
 23 easement."
 24 2. Title page, line 1, by inserting after the
 25 word "providing" the words "for the creation of a
 26 solar easement and".

S-5509 FILED
APRIL 6, 1978

W. J. German 4/20
(p. 951)

BY STEPHEN W. BISENIUS
CALVIN O. HULTMAN
LUCAS J. DE KOSTER
WILLARD R. HANSEN
FORREST F. ASHCRAFT

- 1 Amend Senate File 2209 as follows:
- 2 1. Page 1, by inserting after line 7 the
- 3 following new paragraph:
- 4 "As used in this Act, "alternative heating system"
- 5 means a central heating system designed to burn wood,
- 6 coal, or refuse derived fuel or a fireplace designed
- 7 to provide heat through a duct system to three or more
- 8 rooms and shall include all components of the heating
- 9 system."
- 10 2. Page 1, by striking line 9 and inserting in
- 11 lieu thereof the following: "energy systems, methane
- 12 gas production systems, and alternative heating systems,
- 13 shall be".
- 14 3. Page 1, by striking lines 14 and 15 and inserting
- 15 in lieu thereof the following: "shall apply to new
- 16 installations of solar energy systems, methane gas
- 17 production systems, and alternative heating systems
- 18 for a period of five years".
- 19 4. Page 1, by striking line 19 and inserting in
- 20 lieu thereof the following: "to solar energy systems,
- 21 methane gas production systems, and alternative heating
- 22 systems".
- 23 5. Page 1, by striking line 33 and inserting in
- 24 lieu thereof the following: "energy system or methane
- 25 gas production system or alternative heating system and
- 26 the tax".
- 27 6. Page 2, by striking line 8 and inserting in lieu
- 28 thereof the following: "gas production system or alternative
- 29 heating system to be exempted. The application for".
- 30 7. Page 2, by striking line 14 and inserting in
- 31 lieu thereof the following: "system or alternative
- 32 heating system as defined in section one (1) of this
- 33 Act and that the primary purpose of the system is to".
- 34 8. Page 2, by striking line 18 and inserting in
- 35 lieu thereof the following: "system or a methane gas
- 36 production system or an alternative heating system under
- 37 section five".
- 38 9. Page 2, by striking line 23 and inserting in
- 39 lieu thereof the following: "energy systems, methane
- 40 gas production systems and alternative heating systems.
- 41 All rules".
- 42 10. Page 2, by striking line 29 and inserting in lieu
- 43 thereof the following: "a methane gas production system
- 44 or an alternative heating system pursuant to the provisions".

S-5482 FILED *Not german - 1/20 (p. 951)* BY ROLF V. CRAFT
 APRIL 5, 1978 STEPHEN W. BISENIUS

SENATE FILE 2209

S-5503

- 5619 1 Amend Senate File 2209 as follows:
- 2 1. Page 2, line 16 by striking the words
- 3 "energy policy council" and inserting in lieu
- 3619-4 4 thereof the words "department of revenue".

S-5503 FILED *Last 4/20 (p. 953)* BY CALVIN O. HULTMAN
 APRIL 6, 1978

SENATE FILE 2209

S-5613

Amend Senate File 2209 as follows:

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1. Page 2, by inserting after line 30 the following:
- "Sec. _____. Section four hundred twenty-seven point one (427.1), Code 1977, is amended by adding the following new subsection:
- NEW SUBSECTION. Coal which is held in inventory to be used for methane gas production or other purposes by a person, corporation, partnership, or other business entity, except coal held in inventory which is owned by a person, corporation, partnership, or other business entity whose property is assessed by the department of revenue pursuant to sections four hundred twenty-eight point twenty-four (428.24) to four hundred twenty-eight point twenty-nine (428.29) of the Code or chapters four hundred thirty-three (433) to four hundred thirty-eight (438) of the Code."

S-5613 FILED & ADOPTED (J. 952) BY RICHARD F. DRAKE
APRIL 20, 1978 NORMAN G. RODGERS

SENATE FILE 2209

S-5619

Amend the Hultman amendment, S-5503, to Senate File 2209 as follows:

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1. Page 1, by inserting before line 2 the following:
- "_____. Page 2, by striking lines 10 through 12 and inserting in lieu thereof the words "of the director of the department of revenue stating that the system is a solar energy system as defined".
2. Page 1, line 4, by inserting after the word "revenue" the words ", after consultation with other appropriate state agencies,".
3. Page 1, by inserting after line 4 the following:
- "_____. Page 2, line 21, by inserting after the word "any" the word "other".

S-5619 FILED & ADOPTED (J. 953) BY RICHARD R. RAMSEY
APRIL 20, 1978

Substituted for H.F. 72

(AS AMENDED AND PASSED BY THE SENATE APRIL 20, 1978)

Passed Senate, Date See Below Passed House, Date 4-26-78 (p. 1891)

Vote: Ayes 42 Nays 0 Vote: Ayes 85 Nays 0

Approved June 14, 1978

A BILL FOR

1 An Act providing an exemption from property taxation for solar
6257-2 energy systems and methane gas production systems.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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Conference Committee Appointed

6 *Repres. Norland, chair; O'Halloran, Howell, Danker, Walden 5/4 (p. 2244)*

7 *Senator Rogers, chair; Hill of Jasper, Redmond, Craft, Bradinger 5/5 (1271)*

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Passed per Conference Committee Report

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Senate 5-10-78 (p. 1380)
42-0

House 5-10-78 (p. 2440)
80-0

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_____ = New Language
by the Senate

1 Section 1. NEW SECTION. DEFINITION. As used in this
2 Act unless the context otherwise requires "solar energy system"
3 means a system of equipment capable of collecting and
4 converting incident solar radiation or wind energy into heat,
5 mechanical or electrical energy and transforming these forms
6 of energy by a separate apparatus to storage or to point of
7 use.

8 Sec. 2. NEW SECTION. PROPERTY TAX EXEMPTION. Solar
9 energy systems and methane gas production systems shall be
10 exempt from property taxation for the periods and to the
11 extent provided in this Act upon compliance with the provisions
12 of this Act.

13 Sec. 3. NEW SECTION. EXTENT OF EXEMPTION. The exemption
14 shall apply to new installations of solar energy systems and
15 methane gas production systems for a period of five years
16 beginning on January first after the construction or
17 installation of the system is completed. This exemption shall
18 apply for a period of five years beginning on January 1, 1978,
19 to solar energy systems and methane gas production systems
20 existing on the effective date of this Act if the construction
21 or installation was completed after January 1, 1975. The
22 exemption shall apply with respect to each of the five annual
23 assessments within the five-year exemption period and the
24 property taxes payable on the basis of each of the five annual
25 assessments. This exemption for existing systems shall begin
26 with respect to the assessment as of January 1, 1978, and
27 the taxes payable on the basis of this assessment during the
28 fiscal year beginning July 1, 1979.

29 Sec. 4. NEW SECTION. LIMITS ON AMOUNT OF EXEMPTION.
30 The property tax exemption provided in section two (2) of
31 this Act shall be an amount equal to the difference between
32 the tax on the assessed value of the property with the solar
33 energy system or methane gas production system and the tax
34 on the assessed value of the property without the system.

35 Sec. 5. NEW SECTION. APPLICATION FOR EXEMPTION.

1 Application for the exemption shall be filed with the assess-
2 ing authority not later than the first of February of the
3 year for which the exemption is requested, on forms provided
4 by the department of revenue. The application for exemption
5 filed shall be applicable for the year in which the application
6 is filed and the four succeeding years. The application shall
7 describe and locate the specific solar energy system or methane
8 gas production system to be exempted. The application for
9 any specific system shall be accompanied by a certificate
10 of the director of energy policy stating that the energy
11 policy council has directed the director of energy policy
12 to certify that the system is a solar energy system as defined
13 in section one (1) of this Act or a methane gas production
14 system and that the primary purpose of the system is to
15 conserve nonrenewable fossil and nuclear fuel.

16 Sec. 6. NEW SECTION. RULES. The energy policy council
17 shall adopt rules relating to certification of a solar energy
18 system or a methane gas production system under section five
19 (5) of this Act and information to be submitted for evaluating
20 a system for which a certificate is requested. The department
21 of revenue shall adopt any rules necessary to implement this
22 Act, including rules on identification and valuation of solar
23 energy systems and methane gas production systems. All rules
24 adopted shall be subject to the provisions of chapter seventeen
25 A (17A) of the Code.

26 Sec. 7. NEW SECTION. JUDICIAL REVIEW. A taxpayer may
27 seek judicial review of a determination by the energy policy
28 council concerning the certification of a solar energy system
29 or a methane gas production system pursuant to the provisions
30 of chapter seventeen A (17A) of the Code.

31 Sec. 8. Section four hundred twenty-seven point one
32 (427.1), Code 1977, is amended by adding the following new
33 subsection:

34 NEW SUBSECTION. Coal which is held in inventory to be
35 used for methane gas production or other purposes by a person,

1 corporation, partnership, or other business entity, except
2 coal held in inventory which is owned by a person, corporation,
3 partnership, or other business entity whose property is
4 assessed by the department of revenue pursuant to sections
5 four hundred twenty-eight point twenty-four (428.24) to four
6 hundred twenty-eight point twenty-nine (428.29) of the Code
7 or chapters four hundred thirty-three (433) to four hundred
8 thirty-eight (438) of the Code.

9 EXPLANATION

10 The bill provides a property tax exemption for installed
11 solar energy systems and methane gas production facilities.
12 The exemption is for a period of five years and is equal to
13 the difference between the tax on the assessed value of the
14 property with the solar energy system or methane gas produc-
15 tion system and the tax on the assessed value of the property
16 without the system.

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H-6257

1 Amend Senate File 2209 as amended and passed by
2 the Senate as follows:

3 1. By striking Page 1, line 1 through Page 2,
4 line 30, and inserting in lieu thereof the following:
5 "Section 1. Section four hundred forty-one point
6 twenty-one (441.21), subsection three (3), Code 1977,
7 is amended by adding the following new unnumbered
8 paragraphs:

9 NEW UNNUMBERED PARAGRAPH. Notwithstanding
10 unnumbered paragraph one (1) of this subsection, any
6298-11 construction or installation of a solar energy system
12 completed on property classified as agricultural,
13 residential or commercial property shall not increase
14 the actual, assessed and taxable values of such
15 property for assessment years beginning on January
16 1, 1979 and ending on or before December 31, 1983.

17 NEW UNNUMBERED PARAGRAPH. As used in this
18 subsection "solar energy system" means a system of
19 equipment capable of collecting and converting incident
20 solar radiation or wind energy into heat, mechanical
21 or electrical energy and transforming these forms
22 of energy by a separate apparatus to storage or to
23 point of use. The energy policy council shall adopt
24 rules relating to certification of a solar energy
25 system upon request of an assessor."

26 2. By renumbering sections as necessary.

634/ 27 3. Amend the title, line 2, by striking the words
28 "methane gas production systems" and inserting in
29 lieu thereof the words "coal held in inventory".

H-6257 FILED *adopted* BY O'HALLORAN of Black Hawk
APRIL 25, 1978 *as amended* NORLAND of Worth
6298, 634 VARLEY of Adair
4, 26 (p. 1890) HOWELL of Floyd
WELDEN of Hardin
BINNEBOESE of Plymouth
EVANS of Grundy
MIDDLESWART of Warren
PELTON of Clinton
PERKINS of Greene
SVOBODA of Iowa
ANDERSON of Jasper
WEST of Marshall
MILLER of Buchanan

SENATE FILE 2209

H-6298

1 Amend amendment H-6257 to Senate File 2209 as
2 amended and passed by the Senate and reprinted, as
3 follows:

4 1. Page 1, line 11, by inserting after the
5 word "system" the following: "or gas production
6 systems using waste or manure to produce gas".

H-6298 FILED *adopted 4/26* BY MILLER of Buchanan
APRIL 25, 1978 *(p. 1890)*

H-6341

- 1 Amend amendment H-6257, to Senate File 2209 as
 2 passed by the Senate and reprinted, as follows:
 3 1. Page 1, by striking lines 27 through 29 and
 4 inserting in lieu thereof the following:
 5 "3. Amend the title, line 2, by inserting after
 6 the word "systems" the words "coal held in inventory".

H-6341 FILED *Adopted 4/26* BY O'HALLORAN of Black Hawk
 APRIL 26, 1978 *(p. 1890)*

HOUSE AMENDMENT TO SENATE FILE 2209

S-5714

- 1 Amend Senate File 2209- as amended and passed by
 2 the Senate as follows:
 3 1. By striking Page 1, line 1 through Page 2,
 4 line 30, and inserting in lieu thereof the following:
 5 "Section 1. Section four hundred forty-one point
 6 twenty-one (441.21), subsection three (3), Code 1977,
 7 is amended by adding the following new unnumbered
 8 paragraphs:
 9 NEW UNNUMBERED PARAGRAPH. Notwithstanding
 10 unnumbered paragraph one (1) of this subsection, any
 11 construction or installation of a solar energy system
 12 or gas production systems using waste or manure to produce
 13 gas completed on property classified as agricultural,
 14 residential or commercial property shall not increase
 15 the actual, assessed and taxable values of such
 16 property for assessment years beginning on January
 17 1, 1979 and ending on or before December 31, 1983.
 18 NEW UNNUMBERED PARAGRAPH. As used in this
 19 subsection "solar energy system" means a system of
 20 equipment capable of collecting and converting incident
 21 solar radiation or wind energy into heat, mechanical
 22 or electrical energy and transforming these forms
 23 of energy by a separate apparatus to storage or to
 24 point of use. The energy policy council shall adopt
 25 rules relating to certification of a solar energy
 26 system upon request of an assessor."
 27 2. By renumbering sections as necessary.
 28 3. Amend the title, line 2, by inserting after the
 29 word "systems" the words "coal held in inventory".

S-5714 FILED
 APRIL 28, 1978

RECEIVED FROM THE HOUSE

*Senate refused to concur 5/1 (p. 1171)
 House insisted 5/3 (p. 2207)*

REPORT OF THE CONFERENCE COMMITTEE ON
SENATE FILE 2209

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to consider the differences between the Senate and the House of Representatives on Senate File 2209, a bill for an Act providing an exemption from property taxation for solar energy systems and methane gas production systems, respectfully make the following report:

1. That the House recede from its amendment, S-5714, to Senate File 2209, as amended, passed, and reprinted by the Senate.

2. That Senate File 2209, as amended, passed, and reprinted by the Senate, be amended as follows:

1. Page 1, by striking everything after the enacting clause and inserting in lieu thereof the following:

"Section 1. Chapter ninety-three (93), Code 1977, is amended by adding sections two (2) through eleven (11) of this Act.

Sec. 2. NEW SECTION. LEGISLATIVE FINDINGS. The general assembly finds that:

1. The public health, safety, and welfare of the people of the state of Iowa require that an adequate supply of energy be made available to them at all times.

2. Nonrenewable energy sources are becoming more limited.

3. State government has an obligation to encourage the use of alternative renewable energy sources.

4. Solar energy systems are an effective means of reducing the dependence of the state government and the people of the state on imported energy sources and of conserving valuable fossil fuel and other nonrenewable energy sources.

5. It is in the public interest to define solar energy

systems, demonstrate and study solar energy applications, apply incentives for using solar energy including property tax exemptions, educate the public on solar technology and coordinate governmental programs affecting solar energy.

Sec. 3. NEW SECTION. DEFINITIONS. As used in this Act, unless the context otherwise requires:

1. "Conventional energy system" means an energy system using fossil fuel, nuclear or hydroelectric energy and the components of the system, including transmission lines, burners, furnaces, tanks, boilers, related controls, distribution systems, room or area units and other components.

2. "Joint solar energy system" means a solar energy system involving at least two owners or users that supplies energy for structures or processes on more than one lot or in more than one condominium unit or leasehold, but not to the general public.

3. "Solar energy system" means a system of equipment capable of collecting and converting incident solar radiation, wind energy or organic materials into heat, mechanical or electrical energy and transforming these forms of energy by a separate apparatus to a point of storage or end use.

4. "Solar skyspace" means the maximum three dimensional space extending from a solar energy collector to all positions of the sun necessary for efficient use of the collector.

5. "Public energy supplier" means any publicly, privately, municipally or cooperatively owned utility that furnishes electricity or gas to the general public for a fee.

Sec. 4. NEW SECTION. PROGRAM CREATED. There is created the Iowa comprehensive solar energy program under the direction of the council. The director of energy policy shall administer the program and may accept, receive and administer and may expend with the approval of the council, any gifts, grants or other public or private funds for the program. The director shall cooperate with and use the facilities and resources of existing state agencies, public and private educational

institutions, business, civic associations, industrial and professional representatives and local governments in carrying out the provisions of this Act.

Sec. 5. NEW SECTION. DEMONSTRATION PROJECTS. The council shall prepare a plan for instituting a variety of solar energy system demonstration projects in public and private buildings or for public and private use throughout the state and shall make such plan available to the general assembly.

Sec. 6. NEW SECTION. INCENTIVE PROGRAM. The council, in cooperation with appropriate state agencies, shall develop an incentive program for encouraging the construction and use of cost effective solar energy systems within this state. Development of the incentive program shall include studies of:

1. Laws, regulations, ordinances, rules and plans for the purpose of determining the extent to which the laws, regulations, ordinances, rules and plans inhibit or encourage the use of solar energy systems.
2. The market penetration of solar energy systems.
3. Solar skyspace rights.
4. Performance standards for solar energy systems.

The council shall submit a progress report of its findings and recommendations concerning incentive programs and studies mandated by this section to the general assembly not later than January 15, 1979 and periodically thereafter as necessary. The initial progress report shall include bill drafts necessary to implement the council's solar skyspace rights recommendations.

Sec. 7. NEW SECTION. ASSISTANCE PROGRAM. The council may provide upon request any technical or available financial assistance deemed necessary to encourage the development of solar energy systems in this state, under the provisions of section ninety-three point fourteen (93.14) of the Code.

Sec. 8. NEW SECTION. PUBLIC EDUCATION. The council may, in cooperation with other state agencies, units of local

government, and other institutions, plan, prepare, and develop educational programs for the public regarding the use of solar energy systems. However to the maximum extent feasible, the council shall leave the responsibility for actually implementing the solar energy educational programs to existing state agencies, units of local government, and other institutions responsible for educating the public.

Sec. 9. NEW SECTION. STUDY OF PUBLIC ENERGY SUPPLIERS AND SOLAR ENERGY. The council shall, in cooperation with the Iowa state commerce commission, study the relationship between public energy suppliers and the use of solar energy systems and shall make recommendations concerning its findings to the general assembly. The study shall identify different scenarios relating to the development and use of solar energy and shall determine for each scenario ways to:

1. Integrate the supply of conventional energy with solar energy systems at reasonable rates and under reasonable conditions of service; and
2. Minimize the economic and load impact on public energy suppliers of the use of solar energy systems; and
3. Develop criteria for load forecast projections in the service area of public energy suppliers which consider the potential use of solar energy systems.

Sec. 10. NEW SECTION. SOLAR ENERGY SYSTEM REGULATION STUDY. The Iowa state commerce commission shall, in cooperation with the council, study the impacts of the use of joint solar energy systems and shall make recommendations concerning its findings to the general assembly. The study shall:

1. Estimate the rate of development and use of joint solar energy systems through 1985.
2. Examine the need for regulation of joint solar energy systems, the administrative costs of regulation and enforcement mechanisms.
3. Examine the need for the use of the power of eminent

domain.

4. Determine the effects on service areas, cost of service and other effects of the use of joint solar energy systems on public energy suppliers.

5. Identify ways to prevent undue economic hardship on the public energy supplier and its customers.

6. Identify ways to promote the development and use of joint solar energy systems.

The study shall also examine the need for regulation of the financing, sales and service of solar energy systems.

Sec. 11. NEW SECTION. PROVISION OF SOLAR ENERGY SYSTEMS BY PUBLIC ENERGY SUPPLIERS. The financing, sales and service of solar energy systems shall be a valid service and purpose of a public energy supplier. However nothing in this section shall be construed to prohibit within the service area as determined under sections four hundred seventy-six point twenty-two (476.22) through four hundred seventy-six point twenty-five (476.25) of the Code of a public energy supplier:

1. The financing, sales and service of solar energy systems by an individual, corporation or institution that is not a public energy supplier.

2. The financing of solar energy systems by a unit of government that is not a public energy supplier.

Sec. 12. Section four hundred forty-one point twenty-one (441.21), subsection three (3), Code 1977, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. Notwithstanding unnumbered paragraph one (1) of this subsection, any construction or installation of a solar energy system or gas production systems using waste or manure to produce gas completed on property classified as agricultural, residential, commercial, or industrial property shall not increase the actual, assessed and taxable values of such property for assessment years beginning on January 1, 1979 and ending on or before December 31, 1985.

NEW UNNUMBERED PARAGRAPH. As used in this subsection "solar energy system" means a system of equipment capable of collecting and converting incident solar radiation or wind energy into heat, mechanical or electrical energy and transforming these forms of energy by a separate apparatus to storage or to point of use.

Sec. 13. Section four hundred twenty-seven point one (427.1), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. Coal which is held in inventory to be used for methane gas production or other purposes by a person, corporation, partnership, or other business entity, except coal held in inventory which is owned by a person, corporation, partnership, or other business entity whose property is assessed by the department of revenue pursuant to sections four hundred twenty-eight point twenty-four (428.24) to four hundred twenty-eight point twenty-nine (428.29) of the Code or chapters four hundred thirty-three (433) to four hundred thirty-eight (438) of the Code.

Sec. 14. Chapter four hundred seventy-six (476), Code 1977, is amended by adding the following new section:

NEW SECTION. DISCRIMINATION PROHIBITED. A municipality, corporation or cooperative association providing electrical or gas service shall not consider the use of renewable energy sources by a customer as a basis for establishing discriminatory rates or charges for any service or commodity sold to the customer or discontinue services or subject the customer to any other prejudice or disadvantage based on the customer's use or intended use of renewable energy sources. As used in this section, "renewable energy sources" includes but is not limited to, solar heating wind power and the conversion of urban and agricultural organic wastes into methane gas and liquid fuels.

Sec. 15. The code editor shall place sections two (2) through eleven (11) of this Act as a new division in chapter

ninety-three (93) of the Code."

2. Amend the title, line 1, by striking all of the title after the word "Act" and inserting in lieu thereof the words "relating to energy resources by encouraging the development and use of solar energy and by providing property tax exemptions for coal held in inventory, solar energy systems, and methane gas production systems."

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ON THE PART OF THE SENATE:

NORMAN RODGERS, CHAIRPERSON
ROLF V. CRAFT
DAVID M. READINGER
JAMES M. REDMOND

ON THE PART OF THE HOUSE:

LOWELL E. NORLAND, CHAIRPERSON
ROLLIN K. HOWELL
MARY O'HALLORAN
RICHARD W. WELDEN

REPORT OF CONFERENCE COMMITTEE ON SENATE FILE 2209

FILED: MAY 9, 1978

House adopted 5/10 (p. 2440)
Senate adopted 5/10 (p. 138c)

SENATE FILE 2209

AN ACT

RELATING TO ENERGY RESOURCES BY ENCOURAGING THE DEVELOPMENT AND USE OF SOLAR ENERGY AND BY PROVIDING PROPERTY TAX EXEMPTIONS FOR COAL HELD IN INVENTORY, SOLAR ENERGY SYSTEMS, AND METHANE GAS PRODUCTION SYSTEMS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Chapter ninety-three (93), Code 1977, is amended by adding sections two (2) through eleven (11) of this Act.

Sec. 2. NEW SECTION. LEGISLATIVE FINDINGS. The general assembly finds that:

1. The public health, safety, and welfare of the people of the state of Iowa require that an adequate supply of energy be made available to them at all times.
2. Nonrenewable energy sources are becoming more limited.
3. State government has an obligation to encourage the use of alternative renewable energy sources.
4. Solar energy systems are an effective means of reducing the dependence of the state government and the people of the state on imported energy sources and of conserving valuable fossil fuel and other nonrenewable energy sources.
5. It is in the public interest to define solar energy systems, demonstrate and study solar energy applications, apply incentives for using solar energy including property tax exemptions, educate the public on solar technology and coordinate governmental programs affecting solar energy.

Sec. 3. NEW SECTION. DEFINITIONS. As used in this Act, unless the context otherwise requires:

1. "Conventional energy system" means an energy system using fossil fuel, nuclear or hydroelectric energy and the components of the system, including transmission lines, burners, furnaces, tanks, boilers, related controls, distribution systems, room or area units and other components.
2. "Joint solar energy system" means a solar energy system

involving at least two owners or users that supplies energy for structures or processes on more than one lot or in more than one condominium unit or leasehold, but not to the general public.

3. "Solar energy system" means a system of equipment capable of collecting and converting incident solar radiation, wind energy or organic materials into heat, mechanical or electrical energy and transforming these forms of energy by a separate apparatus to a point of storage or end use.

4. "Solar skyspace" means the maximum three dimensional space extending from a solar energy collector to all positions of the sun necessary for efficient use of the collector.

5. "Public energy supplier" means any publicly, privately, municipally or cooperatively owned utility that furnishes electricity or gas to the general public for a fee.

Sec. 4. NEW SECTION. PROGRAM CREATED. There is created the Iowa comprehensive solar energy program under the direction of the council. The director of energy policy shall administer the program and may accept, receive and administer and may expend with the approval of the council, any gifts, grants or other public or private funds for the program. The director shall cooperate with and use the facilities and resources of existing state agencies, public and private educational institutions, business, civic associations, industrial and professional representatives and local governments in carrying out the provisions of this Act.

Sec. 5. NEW SECTION. DEMONSTRATION PROJECTS. The council shall prepare a plan for instituting a variety of solar energy system demonstration projects in public and private buildings or for public and private use throughout the state and shall make such plan available to the general assembly.

Sec. 6. NEW SECTION. INCENTIVE PROGRAM. The council, in cooperation with appropriate state agencies, shall develop an incentive program for encouraging the construction and use of cost effective solar energy systems within this state. Development of the incentive program shall include studies of:

1. Laws, regulations, ordinances, rules and plans for the purpose of determining the extent to which the laws, regulations, ordinances, rules and plans inhibit or encourage the use of solar energy systems.

2. The market penetration of solar energy systems.

3. Solar skyspace rights.

4. Performance standards for solar energy systems.

The council shall submit a progress report of its findings and recommendations concerning incentive programs and studies mandated by this section to the general assembly not later than January 15, 1979 and periodically thereafter as necessary. The initial progress report shall include bill drafts necessary to implement the council's solar skyspace rights recommendations.

Sec. 7. NEW SECTION. ASSISTANCE PROGRAM. The council may provide upon request any technical or available financial assistance deemed necessary to encourage the development of solar energy systems in this state, under the provisions of section ninety-three point fourteen (93.14) of the Code.

Sec. 8. NEW SECTION. PUBLIC EDUCATION. The council may, in cooperation with other state agencies, units of local government, and other institutions, plan, prepare, and develop educational programs for the public regarding the use of solar energy systems. However to the maximum extent feasible, the council shall leave the responsibility for actually implementing the solar energy educational programs to existing state agencies, units of local government, and other institutions responsible for educating the public.

Sec. 9. NEW SECTION. STUDY OF PUBLIC ENERGY SUPPLIERS AND SOLAR ENERGY. The council shall, in cooperation with the Iowa state commerce commission, study the relationship between public energy suppliers and the use of solar energy systems and shall make recommendations concerning its findings to the general assembly. The study shall identify different scenarios relating to the development and use of solar energy and shall determine for each scenario ways to:

1. Integrate the supply of conventional energy with solar

energy systems at reasonable rates and under reasonable conditions of service; and

2. Minimize the economic and load impact on public energy suppliers of the use of solar energy systems; and

3. Develop criteria for load forecast projections in the service area of public energy suppliers which consider the potential use of solar energy systems.

Sec. 10. NEW SECTION. SOLAR ENERGY SYSTEM REGULATION STUDY. The Iowa state commerce commission shall, in cooperation with the council, study the impacts of the use of joint solar energy systems and shall make recommendations concerning its findings to the general assembly. The study shall:

1. Estimate the rate of development and use of joint solar energy systems through 1985.

2. Examine the need for regulation of joint solar energy systems, the administrative costs of regulation and enforcement mechanisms.

3. Examine the need for the use of the power of eminent domain.

4. Determine the effects on service areas, cost of service and other effects of the use of joint solar energy systems on public energy suppliers.

5. Identify ways to prevent undue economic hardship on the public energy supplier and its customers.

6. Identify ways to promote the development and use of joint solar energy systems.

The study shall also examine the need for regulation of the financing, sales and service of solar energy systems.

Sec. 11. NEW SECTION. PROVISION OF SOLAR ENERGY SYSTEMS BY PUBLIC ENERGY SUPPLIERS. The financing, sales and service of solar energy systems shall be a valid service and purpose of a public energy supplier. However nothing in this section shall be construed to prohibit within the service area as determined under sections four hundred seventy-six point twenty-two (476.22) through four hundred seventy-six point twenty-five (476.25) of the Code of a public energy supplier:

1. The financing, sales and service of solar energy systems by an individual, corporation or institution that is not a public energy supplier.

2. The financing of solar energy systems by a unit of government that is not a public energy supplier.

Sec. 12. Section four hundred forty-one point twenty-one (441.21), subsection three (3), Code 1977, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. Notwithstanding unnumbered paragraph one (1) of this subsection, any construction or installation of a solar energy system or gas production systems using waste or manure to produce gas completed on property classified as agricultural, residential, commercial, or industrial property shall not increase the actual, assessed and taxable values of such property for assessment years beginning on January 1, 1979 and ending on or before December 31, 1985.

NEW UNNUMBERED PARAGRAPH. As used in this subsection "solar energy system" means a system of equipment capable of collecting and converting incident solar radiation or wind energy into heat, mechanical or electrical energy and transforming these forms of energy by a separate apparatus to storage or to point of use.

Sec. 13. Section four hundred twenty-seven point one (427.1), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. Coal which is held in inventory to be used for methane gas production or other purposes by a person, corporation, partnership, or other business entity, except coal held in inventory which is owned by a person, corporation, partnership, or other business entity whose property is assessed by the department of revenue pursuant to sections four hundred twenty-eight point twenty-four (428.24) to four hundred twenty-eight point twenty-nine (428.29) of the Code or chapters four hundred thirty-three (433) to four hundred thirty-eight (438) of the Code.

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NEW SECTION. DISCRIMINATION PROHIBITED. A municipality, corporation or cooperative association providing electrical or gas service shall not consider the use of renewable energy sources by a customer as a basis for establishing discriminatory rates or charges for any service or commodity sold to the customer or discontinue services or subject the customer to any other prejudice or disadvantage based on the customer's use or intended use of renewable energy sources. As used in this section, "renewable energy sources" includes but is not limited to, solar heating, wind power and the conversion of urban and agricultural organic wastes into methane gas and liquid fuels.

Sec. 15. The code editor shall place sections two (2) through eleven (11) of this Act as a new division in chapter ninety-three (93) of the Code.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2209, Sixty-seventh General Assembly.

KEVIN P. LIGHT
Acting Secretary of the Senate

Approved June 14, 1978

ROBERT D. RAY
Governor