

Comment Report

HF 221

A bill for an act relating to the solar energy system tax credit available against the individual and corporate income tax, the franchise tax, the moneys and credits tax, and including effective date and retroactive applicability provisions.

Subcommittee Members: Lohse-CH, Boden, Isenhardt

Date: 02/02/2021

Time: 12:30 PM

Location: RM 103, Sup. Ct. Chamber

Name: Andrew Fisher

Comment: When I installed the solar array on my house in 2015, a large part of the reason I was able to make such a large investment was the state solar tax credit. Without that extra boost, my investment in clean energy would have had to wait at least another year or two. But since I did have the state tax credit then, I was able to afford it then, which meant I was able to start saving money on my electric bills sooner. I was then able to use that savings on purchasing other items money that got put into Iowa's economy. And the solar array has raised the value of my home, which helps everyone in my neighborhood when they go to sell. As of now, it is hard to get friends and neighbors to go solar due to the uncertainty in the tax credit. Please support this bill to help bolster the state solar tax credit and help more Iowans go solar.

Name: Eric Canfield

Comment: This new bill looks amazing. Thank you guys for all of your hard work in getting this done. We hope that this all gets approved as planned and Iowans can start to see the extra benefit from this.

Name: Thomas Carsner

Comment: I urge legislators to support HF 221. Increasing the solar tax credit to \$10M and paying off the \$7M backlog is crucial to helping expansion of solar projects. When I installed solar panels on my residential home in 2018 through Solarize Johnson County, I had to wait one year, until 2019 Tax Year, to receive my tax credit. It would have helped my tax situation in 2018 if I had received it that year. Others are likely in the same situation. Increasing the credit to \$10M and paying off the backlog will help stimulate interest in the future. I encourage legislators to next include wind energy projects for some kind of tax credits. Iowa needs as much renewable energy as fast it can come on line.

Name: Mary Corsair

Comment: I am very excited to see this Bill 221 brought forward and hope it will have broad, bipartisan support! My husband and I recently had our home evaluated through Grow Solar Warren County a partnership with The Nature Conservancy and a solar company and supported by the Indianola Sustainability Committee. We are VERY interested in putting solar panels on our home, but with the tax credits going away we decided it was too expensive at this time and we wouldn't live long enough to see a return on our investment. It makes zero sense to be disincentivizing people from installing clean, renewable energy on our homes and other buildings when the disasters caused by global warming are intensifying every year! Public policy should SUPPORT efforts to cut back on greenhouse gas emissions and HB221 is certainly a great example of this! I hope both parties will join to support this important step in moving toward 100% clean, renewable energy just as quickly as we CAN!

Name: Rich Young

Comment: We added solar energy to our small farm outside Iowa City in 2019 as part of our county's group buy program. The state tax incentives were a major factor in our decision to move forward. Although we had to wait until this year to get our credit due to the huge backlog, we are grateful that Iowa has continued to fund this program, which ultimately benefits small local companies and provides good paying jobs. Paying down the backlog and increasing the capacity of this program will reap tremendous dividends for our economy and our environment. When we added a guest rental unit to our farm in 2020, we chose to go with all electric power for heating and cooling, cooking, and hot water and expanded our existing solar installation to support the extra load. While we still get a slightly smaller federal credit for this expansion, we were ineligible for the state credit because the new installation did not go on a separate meter (which costs an extra \$36.50 per month!). I'm sure as many other farmers grow their operations and look to expand their solar production, they will encounter this same issue, which can be a big deterrent to moving forward. I would propose to amend section 1.4.c of this bill to eliminate "separate and distinct" as a condition for qualifying for the Solar Energy System Tax Credit. This will help remove an obstacle to expanding existing installations, reduce longrun costs for other farmers and homeowners, and provide even greater benefit for our economy and environment.

Name: Ronald Warnet

Comment: This bill looks very exciting for Iowa. I used tax credit to install a geothermal heating and air conditioning unit back in 2011. I was very pleased with being able to do something for the environment and to reduce my energy costs. This bill would allow me to install solar panels to provide at least some of the electrical needs of the geothermal system. I am strongly in favor of the bill and commend you for putting it on the docket for this year's session.

Name: Bill Howard

Comment: What a great jobs bill. This will allow Iowa to be a leader in sustainable renewable energy and add many good paying jobs to our economy. I sure hope this will find bipartisan support.

Name: Brian Carter

Comment: I am a lobbyist for the United Methodist Church in Iowa. We are declared in favor of this bill. We support renewable energy and believe this bill is a positive step in increasing Iowa's choice of renewable energy.

Name: Cody Smith

Comment: February 2, 2021 Attn: House File 221 Re: Center for Rural Affairs Letter of Support Subcommittee: Reps. Lohse, Boden and Isenhardt Expanding Iowas Solar Tax Credit will promote economic recovery and growth in our states rural communities. For every \$1 of state resources invested in this tax credit, about \$7 in private investment is leveraged in Iowas clean energy economy.¹ The Iowa Solar Tax Credit was implemented in 2012 with a state imposed cap of \$5 million annually, and in clear indication of its demand, the credit has been oversubscribed since 2015 leaving a years long waiting list of farmers, small businesses, and homeowners who have already invested in solar energy. According to the Iowa Department of Revenue, the oversubscription has grown so rapidly that, in 2020, 99.7% of the tax credit was committed before the calendar year even began.² By allocating the additional \$7 million proposed in House File 221 to pay down this current waitlist and raising the annual cap to \$10 million, the Legislature can stimulate rural economies and provide immediate, meaningful relief for Iowans who have been hard hit by the COVID19 recession by putting money back in their pockets. Farmers, small businesses, and homeowners leverage Iowas Solar Tax Credit to lower energy costs and invest in the communities they live and work in. Across rural Iowa, livestock producers and farmers have adopted solar energy as a crucial cost saving strategy to help meet their bottom line. In fact, the Census of Agriculture found 90,142 U.S. farms utilized solar energy systems in 2017, a 60% increase from the 36,331 farms reported in the 2012 count.³ There are several uses for solar on the farm such as the operation of grain drying equipment and ventilation of animal confinements. During corn harvest years, drying the grain down to the desirable moisture level for safe storage can create a significant energy demand. The bottom line of Iowas farm operations would continue to benefit from an expanded, decoupled, and predictable solar tax credit. Doubling the state mandated cap of \$5 million annually to \$10 million will put rural communities in a competitive position to attract jobs and investment from private industry. In fact, the credit has already helped drive investment in solar jobs, expanding from approximately 350 jobs in 2015 to 869 in 2019.⁴ In addition, there are at least 85 companies engaged in the solar energy industry supply chain who power local economies with manufacturing, installation, and maintenance jobs.⁵ To put Iowas rural communities on a brighter path forward to attract new, good paying jobs from major retailers, technology companies, and others, the state could act now to double this stifling cap. By decoupling Iowas Solar Tax Credit from the federal incentive, Iowa can ensure long term prosperity in a rapidly approaching clean energy future. As it exists currently, farmers and small business owners who invest in solar energy are at the mercy of an unpredictable federal government when making investments in solar energy. By decoupling the Iowa Solar Tax Credit from the federal Investment Tax Credit, the Legislature can reaffirm Iowas place as a national clean energy leader while providing certainty for solar customers. This bill allows the state to chart its own path forward by removing the risk of federal inaction and setting the Iowa Solar Tax Credit at 15% of total project cost and setting a sunset for Dec. 30, 2030. Given the demonstrable positive impact the Iowa Solar Tax Credit has already had on Iowas rural economies, small business owners, and farmers, we encourage swift passage of House File 221 to bolster our states clean energy leadership well into the future. Respectfully submitted, Cody Smith Policy Associate codyscfra.org 402.687.2100 ext. 1016 Sources: ¹ <https://www.iaenvironment.org/webres/File/Solar%20ITC%20Energy%20Fact%20Sheet%2C%20Branded%20%202021.pdf> ² <https://www.iaenvironment.org/webres/File/Solar%20ITC%20Energy%20Fact%20Sheet%2C%20Branded%20%202021.pdf> ³ <https://www.nass.usda.gov/Publications/AgCensus/2017/FullReport/Volume1,Chapter2USStateLevel/4> ⁴ <https://www.seia.org/statesmap> ⁵ <https://elpc.org/wpcontent/uploads/2021/01/FINALIowaSupplyChainReport1.4.pdf>

February 2, 2021

Attn: House File 221

Re: Center for Rural Affairs Letter of Support

Subcommittee: Reps. Lohse, Boden and Isenhardt

Expanding Iowa's Solar Tax Credit will promote economic recovery and growth in our state's rural communities. For every \$1 of state resources invested in this tax credit, about \$7 in private investment is leveraged in Iowa's clean energy economy.¹ The Iowa Solar Tax Credit was implemented in 2012 with a state-imposed cap of \$5 million annually, and in clear indication of its demand, the credit has been oversubscribed since 2015—leaving a years-long waiting list of farmers, small businesses, and homeowners who have already invested in solar energy. According to the Iowa Department of Revenue, the oversubscription has grown so rapidly that, in 2020, 99.7% of the tax credit was committed before the calendar year even began.² By allocating the additional \$7 million proposed in House File 221 to pay down this current waitlist and raising the annual cap to \$10 million, the Legislature can stimulate rural economies and provide immediate, meaningful relief for Iowans who have been hard hit by the COVID-19 recession by putting money back in their pockets.

Farmers, small businesses, and homeowners leverage Iowa's Solar Tax Credit to lower energy costs and invest in the communities they live and work in. Across rural Iowa, livestock producers and farmers have adopted solar energy as a crucial cost-saving strategy to help meet their bottom line. In fact, the Census of Agriculture found 90,142 U.S. farms utilized solar energy systems in 2017, a 60% increase from the 36,331 farms reported in the 2012 count.³ There are several uses for solar on the farm such as the operation of grain drying equipment and ventilation of animal confinements. During corn harvest years, drying the grain down to the desirable moisture level for safe storage can create a significant energy demand. The bottom line of Iowa's farm operations would continue to benefit from an expanded, decoupled, and predictable solar tax credit.

Doubling the state-mandated cap of \$5 million annually to \$10 million will put rural communities in a competitive position to attract jobs and investment from private industry.

In fact, the credit has already helped drive investment in solar jobs, expanding from approximately 350 jobs in 2015 to 869 in 2019.⁴ In addition, there are at least 85 companies engaged in the solar energy industry supply chain who power local economies with manufacturing, installation, and maintenance jobs.⁵ To put Iowa's rural communities on a

¹ <https://www.iaenvironment.org/webres/File/Solar%20ITC%20Energy%20Fact%20Sheet%2C%20Branded%20-%202021.pdf>

² <https://www.iaenvironment.org/webres/File/Solar%20ITC%20Energy%20Fact%20Sheet%2C%20Branded%20-%202021.pdf>

³ https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1_Chapter_2_US_State_Level/

⁴ <https://www.seia.org/states-map>

⁵ <https://elpc.org/wp-content/uploads/2021/01/FINAL-Iowa-Supply-Chain-Report-1.4.pdf>

brighter path forward to attract new, good-paying jobs from major retailers, technology companies, and others, the state could act now to double this stifling cap.

By decoupling Iowa's Solar Tax Credit from the federal incentive, Iowa can ensure long-term prosperity in a rapidly approaching clean energy future. As it exists currently, farmers and small business owners who invest in solar energy are at the mercy of an unpredictable federal government when making investments in solar energy. By decoupling the Iowa Solar Tax Credit from the federal Investment Tax Credit, the Legislature can reaffirm Iowa's place as a national clean energy leader while providing certainty for solar customers. This bill allows the state to chart its own path forward by removing the risk of federal inaction and setting the Iowa Solar Tax Credit at 15% of total project cost and setting a sunset for Dec. 30, 2030.

Given the demonstrable positive impact the Iowa Solar Tax Credit has already had on Iowa's rural economies, small business owners, and farmers, we encourage swift passage of House File 221 to bolster our state's clean energy leadership well into the future.

Respectfully submitted,



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