

**437A.16A New cogeneration facilities.**

1. *a.* Except as otherwise provided by [this chapter](#), the property of a new cogeneration facility subject to replacement tax that is primarily and directly used in the production, generation, transmission, or delivery of electricity shall be exempt from taxation by means of applying a credit, as computed in [this section](#), representing the value of this exempt property against the assessed value of the entire new cogeneration facility as determined by the local assessor under the provisions of [chapters 427, 427A, 427B, 428, 441](#), and any other applicable abatement and exemption provisions under this Code.

*b.* Following the March 31 due date for the replacement tax return as required by [section 437A.8](#), the director shall annually determine the assessed value of the new cogeneration facility exempt property by dividing the prior year's replacement tax liability attributable to that facility by the current fiscal year's consolidated taxing district rate for the taxing district where the facility is located, then multiplying the quotient by one thousand. The director shall certify this value to the local assessor on or before April 10 of the current calendar year. The assessor shall apply this certified value as a credit against the total assessed value of the facility. The allowable credit shall not exceed the total value of the new cogeneration facility as determined by the local assessor for the assessment year and any excess credits shall not be applied to any other assessment year.

*c.* A credit shall not be applied to a new cogeneration facility for the first year the facility becomes subject to the replacement tax if it first became subject to the replacement tax after January 1 of that year. For the first year in which the new cogeneration facility is subject to the replacement tax as of January 1 of that year, the taxpayer shall estimate the total replacement taxes due for that year and report that estimate to the director by March 31, and the director shall base the determination of assessed value from that estimate. If the estimate varies by more than five percent from the actual replacement tax liability for the year in which the facility was first subject to the replacement tax as of January 1, the director shall adjust the next year's assessed value calculation by increasing or decreasing the current replacement tax calculation to reflect the difference between the estimate and the actual replacement tax owed for the year in which the facility was first subject to replacement tax as of January 1.

2. The director shall classify each new cogeneration facility as a separate taxpayer for reporting purposes and shall allocate the entire replacement tax attributable to the new cogeneration facility to the local taxing district or districts where that facility is located. The assessed value of the exempt property of the new cogeneration facility shall be the basis for determining the statewide property tax imposed by [section 437A.18](#).

3. Any cogeneration facility placed in service prior to January 1, 2009, that did not qualify as a self-generator under [section 437A.3, subsection 27](#), as of January 1, 2009, shall be subject exclusively to the replacement tax.

[2010 Acts, ch 1161, §7, 11](#)

Referred to in [§427B.17, §437A.3, §437A.18](#)

Section applies retroactively to tax years beginning on or after January 1, 2010; 2010 Acts, ch 1161, §11