

**422.11L Solar energy system tax credits.**

1. The taxes imposed under [this subchapter](#), 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. Except as provided in [subsection 7](#), 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 and in effect on January 1, 2016. This definition shall not be construed to include any amendment to the Internal Revenue Code enacted after January 1, 2016, including any amendment with retroactive applicability or effectiveness.

7. *a.* Notwithstanding any other law to the contrary, the department may review or reconsider the following as if the credit did not expire:

(1) Applications for installations that were completed prior to the 2022 calendar year that were denied solely due to the expiration of the credit provided in [subsection 1](#), paragraph “*a*”, regardless of whether the applicant appealed the denial.

(2) Pending applications and new applications for the credit provided in [subsection 1](#), paragraph “*a*”, for installations that were completed during the 2021 calendar year as long as the application is received by June 30, 2022.

(3) The department shall use the original submission date of applications described in this paragraph to determine the order for reviewing such applications.

*b.* The cumulative value of tax credits in [subsection 3](#), paragraph “*d*”, subparagraph (2), shall not limit the amount of annual tax credits that may be awarded for valid applications that qualify pursuant to [this subsection](#).

*c.* A tax credit awarded pursuant to [this subsection](#) may be first claimed for the tax year beginning during the 2022 calendar year.

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; 2017 Acts, ch 157, §6; 2020 Acts, ch 1062, §94; 2022 Acts, ch 1138, §66 – 69; 2023 Acts, ch 64, §67

Referred to in [§422.16](#), [422.33](#), [422.60](#), [476C.2](#), [533.329](#)

Subsection 7 and 2022 amendment to subsection 4, paragraph a apply retroactively to tax years beginning on or after January 1, 2022; 2022 Acts, ch 1138, §69