

House File 2452 - Introduced

HOUSE FILE 2452

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2174)

A BILL FOR

1 An Act creating a geothermal tax credit available against the
2 individual income tax and including effective date and
3 applicability provisions.

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

1 Section 1. NEW SECTION. 422.10A Geothermal tax credit.

2 1. For purposes of this section, unless the context
3 otherwise requires:

4 a. "*Qualified geothermal heat pump property*" means any
5 equipment that uses the ground or groundwater as a thermal
6 energy source to heat the dwelling unit of the taxpayer or as a
7 thermal energy sink to cool such dwelling unit, which equipment
8 meets the requirements of the federal Energy Star program in
9 effect at the time that the expenditure for such equipment is
10 made.

11 b. "*Qualified geothermal heat pump property expenditures*"
12 means an expenditure for qualified geothermal heat pump
13 property installed on or in connection with a dwelling unit
14 located in Iowa and used as a residence by the taxpayer.

15 2. The taxes imposed under this division, less the credits
16 allowed under section 422.12, shall be reduced by a geothermal
17 tax credit equal to ten percent of the qualified geothermal
18 heat pump property expenditures made by the taxpayer during the
19 tax year.

20 3. Qualified geothermal heat pump property expenditures
21 shall be deemed to have been made on the date the installation
22 is complete or, in the case of new construction or
23 reconstruction, the date the original use of the structure by
24 the taxpayer begins.

25 4. In the case of a taxpayer whose dwelling unit is part
26 of a multiple housing cooperative organized under chapter
27 499A or a horizontal property regime under chapter 499B,
28 the taxpayer shall be treated as having made the taxpayer's
29 proportionate share of any qualified geothermal heat pump
30 property expenditures made by the cooperative or the regime.

31 5. Any credit in excess of the tax liability is not
32 refundable but the excess for the tax year may be credited
33 to the tax liability for the following ten years or until
34 depleted, whichever is earlier.

35 6. A taxpayer who claims a credit under this section shall

1 not claim the geothermal heat pump tax credit under section
2 422.11I, if available, on the same expenditures.

3 Sec. 2. EFFECTIVE DATE. This Act takes effect January 1,
4 2017.

5 Sec. 3. APPLICABILITY. This Act applies to qualified
6 geothermal heat pump property expenditures incurred on or after
7 January 1, 2017.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill creates a geothermal tax credit available
12 against the individual income tax equal to 10 percent
13 of the expenditures for qualified geothermal heat pump
14 property installed on or in connection with a dwelling unit
15 located in Iowa and used as a residence by the taxpayer.
16 "Qualified geothermal heat pump property" and other related
17 terms are defined in the bill. For purposes of the tax
18 credit, expenditures are deemed to be made on the date the
19 installation is complete or, in the case of new construction
20 or reconstruction, the date the original use of the structure
21 begins. If the taxpayer's dwelling unit is part of a multiple
22 housing cooperative (Code chapter 499A) or a horizontal
23 property regime (Code chapter 499B) the taxpayer is treated as
24 having made a proportionate share of any expenditures made by
25 the cooperative or regime.

26 The tax credit is nonrefundable, but any amount in excess of
27 the taxpayer's tax liability may be carried forward for up to
28 10 years.

29 A taxpayer who claims the geothermal tax credit is not
30 eligible to claim the geothermal heat pump tax credit under
31 Code section 422.11I, if available, on the same expenditures.
32 Code section 422.11I currently provides a tax credit equal
33 to 20 percent of the federal residential energy efficiency
34 property tax credit for geothermal heat pumps, but that federal
35 credit is scheduled to expire after the 2016 tax year.

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1 The bill takes effect January 1, 2017, and applies to
2 qualified geothermal heat pump property expenditures incurred
3 on or after that date.