

Senate File 511 - Introduced

SENATE FILE 511

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1193)

A BILL FOR

1 An Act modifying and enacting provisions relating to specified
2 renewable energy tax credits, and including effective date
3 and retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11K Wind energy system tax
2 credits.

3 1. Subject to subsection 4 of this section, the taxes
4 imposed under this division, less the credits allowed under
5 section 422.12, shall be reduced by a wind energy system tax
6 credit equal to the sum of the following:

7 a. Fifty percent of the federal residential energy efficient
8 property credit related to small wind energy provided in
9 section 25D(a)(4) of the Internal Revenue Code, not to exceed
10 five thousand dollars.

11 b. Fifty percent of the federal energy credit related to
12 small wind energy provided in section 48(a)(2)(A)(i)(IV) of the
13 Internal Revenue Code, not to exceed twenty thousand dollars.

14 2. Any credit in excess of the tax liability is not
15 refundable but the excess for the tax year may be credited
16 to the tax liability for the following ten years or until
17 depleted, whichever is earlier. The director of revenue shall
18 adopt rules to implement this section.

19 3. a. An individual may claim the tax credit allowed a
20 partnership, limited liability company, S corporation, estate,
21 or trust electing to have the income taxed directly to the
22 individual. The amount claimed by the individual shall be
23 based upon the pro rata share of the individual's earnings of
24 the partnership, limited liability company, S corporation,
25 estate, or trust.

26 b. A taxpayer who is eligible to claim a tax credit under
27 this section shall not be eligible to claim a wind energy
28 production tax credit under chapter 476B or a renewable energy
29 tax credit under chapter 476C.

30 c. A taxpayer may claim more than one credit under this
31 section, but may claim only one credit per separate and
32 distinct small wind energy system installation. The department
33 shall establish criteria, by rule, for determining what
34 constitutes a separate and distinct installation.

35 d. A taxpayer must submit an application to the department

1 for each separate and distinct small wind energy installation.
2 The application must be approved by the department in order to
3 claim the tax credit. The application must be filed by May 1
4 following the year of the installation of the small wind energy
5 system.

6 4. a. Each tax year the total amount of small wind energy
7 system tax credit claims that shall be paid pursuant to this
8 section shall not exceed the amount appropriated by the general
9 assembly for that purpose. If the total dollar amount of the
10 claims exceeds that amount, each claim shall be paid an amount
11 equal to the amount appropriated divided by the total number of
12 claims, not to exceed the amount of the taxpayer's claim.

13 b. If an amount of tax credits available for a tax year
14 pursuant to paragraph "a" goes unclaimed, the amount of the
15 unclaimed tax credits shall be made available for a subsequent
16 tax year in which an appropriation under this section is made
17 in addition to, and cumulated with, the amount appropriated for
18 that subsequent tax year.

19 5. On or before January 1, annually, if tax credits have
20 been claimed during the preceding tax year, the department
21 shall submit a written report to the governor and the general
22 assembly regarding the number and value of tax credits claimed
23 under this section, and any other information the department
24 may deem relevant and appropriate.

25 Sec. 2. Section 422.11L, subsection 1, Code 2015, is amended
26 by adding the following new paragraph:

27 NEW PARAGRAPH. c. Notwithstanding paragraphs "a" and "b"
28 of this subsection, for installations occurring on or after
29 January 1, 2016, the applicable percentages of the federal
30 residential energy efficiency property tax credit related to
31 solar energy and the federal energy credit related to solar
32 energy systems shall be fifty percent.

33 Sec. 3. Section 422.11L, subsection 4, paragraph a, Code
34 2015, is amended to read as follows:

35 a. The cumulative value of tax credits claimed annually

1 by applicants pursuant to this section shall not exceed ~~four~~
2 six million five hundred thousand dollars. Of this amount,
3 at least one million dollars shall be reserved for claims
4 associated with or resulting from residential solar energy
5 system installations. In the event that the total amount
6 of claims submitted for residential solar energy system
7 installations in a tax year is an amount less than one million
8 dollars, the remaining unclaimed reserved amount shall be
9 made available for claims associated with or resulting from
10 nonresidential solar energy system installations received for
11 the tax year.

12 Sec. 4. Section 422.33, subsection 29, paragraph a, Code
13 2015, is amended to read as follows:

14 a. The taxes imposed under this division shall be reduced by
15 a solar energy system tax credit equal to sixty percent of the
16 federal energy credit related to solar energy systems provided
17 in section 48(a)(2)(A)(i)(II) and section 48(a)(2)(A)(i)(III)
18 of the Internal Revenue Code, not to exceed twenty thousand
19 dollars. For installations occurring on or after January 1,
20 2016, the applicable percentage of the federal energy credit
21 related to solar energy systems shall be fifty percent.

22 Sec. 5. Section 422.33, Code 2015, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 31. a. The taxes imposed under this
25 division shall be reduced by a wind energy system tax
26 credit equal to fifty percent of the federal energy credit
27 related to small wind energy systems provided in section
28 48(a)(2)(A)(i)(IV) of the Internal Revenue Code, not to exceed
29 twenty thousand dollars.

30 b. The taxpayer may claim the credit pursuant to this
31 subsection according to the same requirements, conditions, and
32 limitations as provided in section 422.11K.

33 Sec. 6. Section 422.60, subsection 12, paragraph a, Code
34 2015, is amended to read as follows:

35 a. The taxes imposed under this division shall be reduced by

1 a solar energy system tax credit equal to sixty percent of the
2 federal energy credit related to solar energy systems provided
3 in section 48(a)(2)(A)(i)(II) and section 48(a)(2)(A)(i)(III)
4 of the Internal Revenue Code, not to exceed twenty thousand
5 dollars. For installations occurring on or after January 1,
6 2016, the applicable percentage of the federal energy credit
7 related to solar energy systems shall be fifty percent.

8 Sec. 7. Section 422.60, Code 2015, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 14. a. The taxes imposed under this
11 division shall be reduced by a wind energy system tax
12 credit equal to fifty percent of the federal energy credit
13 related to small wind energy systems provided in section
14 48(a)(2)(A)(i)(IV) of the Internal Revenue Code, not to exceed
15 twenty thousand dollars.

16 b. The taxpayer may claim the credit pursuant to this
17 subsection according to the same requirements, conditions, and
18 limitations as provided in section 422.11K.

19 Sec. 8. Section 476C.1, subsection 6, paragraph d, Code
20 2015, is amended to read as follows:

21 d. (1) Was initially placed into service on or after July
22 1, 2005, and before January 1, 2017.

23 (2) Notwithstanding subparagraph (1), the placement in
24 service requirements for a facility that has applied for
25 eligibility approval on or after January 1, 2008, but which is
26 not operational as of the effective date of this Act shall be
27 extended to January 1, 2019.

28 Sec. 9. Section 476C.3, subsection 4, paragraph a, Code
29 2015, is amended to read as follows:

30 a. The maximum amount of nameplate generating capacity
31 of all wind energy conversion facilities the board may find
32 eligible under this chapter shall not exceed three hundred
33 sixty-three megawatts of nameplate generating capacity.
34 Beginning January 1, 2016, of the credits revoked pursuant to
35 subsection 6, one megawatt of nameplate generating capacity

1 shall be reserved for wind energy conversion facilities
2 installed within a small wind innovation zone pursuant to
3 section 476.48.

4 Sec. 10. Section 476C.3, subsection 4, paragraph b, Code
5 2015, is amended to read as follows:

6 b. The maximum amount of energy production capacity
7 equivalent of all other facilities the board may find eligible
8 under this chapter shall not exceed a combined output of
9 fifty-three megawatts of nameplate generating capacity and,
10 annually, one hundred sixty-seven billion British thermal units
11 of heat for a commercial purpose. Of the maximum amount of
12 energy production capacity equivalent of all other facilities
13 found eligible under this chapter, no more than ten megawatts
14 of nameplate generating capacity or energy production capacity
15 equivalent shall be allocated to any one facility. Of the
16 maximum amount of energy production capacity equivalent of all
17 other facilities found eligible under this chapter, fifty-five
18 billion British thermal units of heat for a commercial purpose
19 shall be reserved annually for an eligible facility that is
20 a refuse conversion facility for processed, engineered fuel
21 from a multicounty solid waste management planning area. The
22 maximum amount of energy production capacity the board may
23 find eligible for a single refuse conversion facility is,
24 annually, fifty-five billion British thermal units of heat for
25 a commercial purpose.

26 Sec. 11. Section 476C.5, Code 2015, is amended by adding the
27 following new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. For a renewable energy facility
29 that has applied for eligibility approval on or after January
30 1, 2008, but which is not operational as of the effective date
31 of this Act, renewable energy tax credit certificates shall not
32 be issued for renewable energy purchased or produced by the
33 facility for on-site consumption on or after December 31, 2028.

34 Sec. 12. EFFECTIVE UPON ENACTMENT. This Act, being deemed
35 of immediate importance, takes effect upon enactment.

1 476B or a renewable energy tax credit under Code chapter 476C.
2 A taxpayer may claim more than one wind energy system tax
3 credit but may claim only one credit per separate and distinct
4 small wind energy system installation. The department shall
5 establish criteria by rule for determining what constitutes a
6 separate and distinct installation.

7 The bill requires that a taxpayer must submit an application
8 to the department for each separate and distinct wind energy
9 installation for approval. The application must be filed by
10 May 1 following the year of the installation of the small wind
11 energy system.

12 The bill states that each tax year the total amount of wind
13 energy system tax credit claims that shall be paid shall not
14 exceed the amount appropriated by the general assembly for that
15 purpose. If the total dollar amount of the claims exceeds
16 that amount, each claim shall be paid an amount equal to the
17 amount appropriated divided by the total number of claims, not
18 to exceed the amount of the taxpayer's claim. If an amount
19 of tax credits available for a tax year goes unclaimed, the
20 amount of the unclaimed tax credits shall be made available for
21 the following tax year in which an appropriation is made in
22 addition to, and cumulated with, the amount appropriated for
23 that following tax year.

24 The bill requires the department, on or before January 1,
25 annually, if tax credits have been claimed during the preceding
26 tax year, to submit a written report to the governor and the
27 general assembly regarding the number and value of tax credits
28 claimed and any other information the department may deem
29 relevant and appropriate.

30 The provisions enacting the wind energy system tax credit
31 are retroactively applicable to January 1, 2015, for tax years
32 beginning on or after that date.

33 The bill modifies provisions applicable to the solar energy
34 system tax credit. The bill provides that for solar energy
35 system installations occurring on or after January 1, 2016,

1 the percentages of the federal residential energy efficiency
2 property credit related to solar energy and the federal energy
3 credit related to solar energy which may be claimed shall be
4 reduced from 60 percent to 50 percent. The bill increases
5 the cumulative value of solar energy system tax credits which
6 may be claimed annually from \$4 million to \$6 million. These
7 changes are correspondingly made to the corporate and franchise
8 solar energy system tax credit provisions contained in Code
9 sections 422.33 and 422.60. These provisions are retroactively
10 applicable to January 1, 2015, for tax years beginning on or
11 after that date.

12 With regard to renewable energy tax credit provisions
13 contained in Code chapter 476C, the bill extends placement in
14 service requirements for eligible renewable energy facilities
15 that have applied for eligibility approval on or after
16 January 1, 2008, but which are not operational on the bill's
17 effective date, from January 1, 2017, to January 1, 2019.
18 The bill correspondingly extends the period during which
19 renewable energy tax credit certificates may be issued for such
20 facilities by two years, from December 31, 2026, to December
21 31, 2028.

22 Additionally, the bill modifies references to the maximum
23 amount of British thermal units of heat for a commercial
24 purpose which may be included in energy production capacity
25 equivalent qualifying for a renewable energy tax credit. Such
26 references shall apply on an annual basis. These provisions
27 are retroactively applicable to January 1, 2014, for tax years
28 beginning on or after that date.

29 Finally, the bill reserves one megawatt of nameplate
30 generating capacity for wind energy conversion facilities
31 installed within a small wind innovation zone established
32 pursuant to Code section 476.48. This reserved capacity
33 commences January 1, 2016.

34 The bill takes effect upon enactment.