

House File 2535 - Introduced

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BY ISENHART

A BILL FOR

1 An Act establishing a solar electricity generation replacement
2 tax corporate tax credit for electricity generated on
3 certain property and including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.33, Code 2022, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 32. *a.* As used in this subsection, unless
4 the context otherwise requires:

5 (1) "*Conservation buffer strip*" means a riparian buffer,
6 filter strip, contour buffer strip, field border, or any
7 vegetative barrier that meets the criteria established by the
8 United States department of agriculture natural resources
9 conservation service.

10 (2) "*Farming operation*" means one or more of the following:

11 (a) Cultivation of land for the production of food for human
12 consumption.

13 (b) Raising of poultry.

14 (c) Production of fruit or other horticultural crops.

15 (d) Grazing of livestock.

16 (e) Creation of an actively maintained habitat for
17 pollinating insects.

18 (3) "*Solar energy conversion facility*" or "*facility*" means
19 the same as defined in section 476C.1.

20 *b.* Each taxpayer that is subject to the tax imposed on
21 electric generation under section 437A.6 shall be eligible
22 for a credit against the amount of taxes imposed under this
23 subchapter in an amount equal to the tax imposed under section
24 437A.6 on each solar energy conversion facility owned or
25 operated by the taxpayer during the applicable tax year if
26 the tax year begins within ten years following the date the
27 facility was initially placed into service and if all of the
28 following conditions are met on the facility, subject to the
29 limitation of paragraph "c", subparagraph (1):

30 (1) A portion of the land upon which the solar energy
31 conversion facility is located is used by a person who is
32 actively engaged in a farming operation on the land.

33 (2) The solar energy conversion facility is situated on
34 the land in a manner that facilitates the establishment or
35 continuation of a farming operation on the land.

1 (3) A conservation buffer strip at least fifty feet in width
2 is maintained between all streams on the land, if any, and any
3 source of nitrogen, manure, or any other regulated contaminant
4 that is applied on the land in conjunction with a farming
5 operation.

6 (4) If the farming operation on the land includes actively
7 maintaining a habitat for pollinating insects, the total area
8 of the habitat for such purpose does not exceed fifty percent
9 of the total area of the land.

10 c. (1) The maximum amount of taxes imposed on each solar
11 energy conversion facility under section 437A.6 that may be
12 used for the calculation of the credit allowed under this
13 subsection shall be the total amount of taxes imposed on the
14 facility under section 437A.6, but not to exceed the lesser of
15 the following:

16 (a) The amount of taxes due under section 437A.6 on the
17 first five megawatts of electricity generated by the solar
18 energy conversion facility.

19 (b) The amount of taxes due under section 437A.6 on
20 the electricity generated on a portion of the solar energy
21 conversion facility, not to exceed twenty acres.

22 (2) Any credit in excess of the tax liability is not
23 refundable but the excess for the tax year may be credited to
24 the tax liability for the following ten tax years or until
25 depleted, whichever is the earlier.

26 (3) To receive the credit under this subsection, the
27 taxpayer subject to the tax under section 437A.6 shall annually
28 file an application with the local assessor to, in cooperation
29 with the soil and water conservation district in which the land
30 is located, inspect and certify that all of the conditions
31 of paragraph "b" have been met. Applications must be filed
32 annually not later than June 30. Once an application is filed
33 by the credit applicant, the certification, if approved, shall
34 be sent to the applicant and to the department. The local
35 assessor shall file approved certifications with the department

1 not later than November 1.

2 *d.* The department shall adopt rules pursuant to chapter
3 17A to administer this subsection, including prescribing forms
4 for applications filed with the local assessor and the form of
5 certifications issued by the local assessor.

6 Sec. 2. APPLICABILITY. This Act applies to tax years
7 beginning on or after January 1, 2023.

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 establishes a tax credit against the corporate
12 income tax under Code chapter 422, subchapter III. Each
13 taxpayer that is subject to the tax imposed on electric
14 generation under Code section 437A.6 shall be eligible for a
15 credit against the corporate income tax in an amount equal to
16 the tax imposed under Code section 437A.6 on each solar energy
17 conversion facility owned or operated by the taxpayer during
18 the applicable tax year if the tax year begins within 10 years
19 following the date the facility was initially placed into
20 service and if all of the following conditions are met: (1) a
21 portion of the land upon which the facility is located is used
22 by a person who is actively engaged in a farming operation on
23 the land; (2) the facility is situated on the land in a manner
24 that facilitates the establishment or continuation of a farming
25 operation; (3) a conservation buffer strip at least 50 feet in
26 width is maintained between all streams on the land, if any,
27 and any source of nitrogen, manure, or any other regulated
28 contaminant that is applied on the land in conjunction with
29 a farming operation; and (4) if the farming operation on the
30 land includes actively maintaining a habitat for pollinating
31 insects, the total area of the habitat for that purpose does
32 not exceed 50 percent of the total area of the land.

33 The bill establishes a maximum amount of taxes imposed on
34 each solar energy conversion facility that may be used for the
35 calculation of the credit allowed under the bill. Any credit

1 in excess of the tax liability is not refundable but the excess
2 for the tax year may be credited to the tax liability for the
3 following 10 tax years or until depleted, whichever is the
4 earlier.

5 To receive the credit under the bill, the person subject to
6 the tax imposed on electric generation shall annually file an
7 application with the local assessor to, in cooperation with
8 the soil and water conservation district in which the land is
9 located, inspect and certify that all of the conditions of the
10 bill have been met.

11 The bill requires the department of revenue to adopt rules
12 to administer the credit, including prescribing forms for
13 applications filed with the local assessor and the form of
14 certifications issued by the local assessor.

15 The bill applies to tax years beginning on or after January
16 1, 2023.