

**House File 2556 - Introduced**

HOUSE FILE 2556

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2395)

**A BILL FOR**

1 An Act relating to the solar energy system tax credit, and  
2 including effective date and retroactive applicability  
3 provisions.

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

1 Section 1. Section 422.11L, subsection 3, paragraph d, Code  
2 2022, is amended to read as follows:

3 d. (1) (a) A taxpayer must submit an application to the  
4 department for each separate and distinct solar installation.  
5 The application must be approved by the department in order to  
6 claim the tax credit. The application must be filed by May  
7 1 following the year of the installation of the solar energy  
8 system.

9 (b) Notwithstanding the May 1 application deadline in  
10 subparagraph division (a), a taxpayer submitting an application  
11 for an installation described in subsection 1, paragraph "a",  
12 that was completed during the 2021 calendar year, has until  
13 June 30, 2022, to submit an application for review pursuant to  
14 subsection 7.

15 (2) The department shall accept and approve applications  
16 on a first-come, first-served basis until the maximum amount  
17 of tax credits that may be claimed pursuant to [subsection 4](#)  
18 is reached. If for a tax year the aggregate amount of tax  
19 credits applied for exceeds the amount specified in subsection  
20 4, the department shall establish a wait list for tax credits.  
21 ~~Valid~~ Except as provided in subparagraph (1), subparagraph  
22 division (b), valid applications filed by the taxpayer by May  
23 1 following the year of the installation but not approved by  
24 the department shall be placed on a wait list in the order  
25 the applications were received and those applicants shall  
26 be given priority for having their applications approved  
27 in succeeding years. Placement on a wait list pursuant to  
28 this subparagraph shall not constitute a promise binding the  
29 state. The availability of a tax credit and approval of a tax  
30 credit application pursuant to [this section](#) in a future year  
31 is contingent upon the availability of tax credits in that  
32 particular year.

33 Sec. 2. Section 422.11L, subsection 4, paragraph a, Code  
34 2022, is amended to read as follows:

35 a. The Except as provided in subsection 7, the cumulative

1 value of tax credits claimed annually by applicants pursuant  
2 to [this section](#) shall not exceed five million dollars. Of  
3 this amount, at least one million dollars shall be reserved  
4 for claims associated with or resulting from residential solar  
5 energy system installations. In the event that the total  
6 amount 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. 3. Section 422.11L, Code 2022, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 7. *a.* Notwithstanding any other law to the  
15 contrary, the following applicants shall be eligible to claim  
16 the credit for the tax year beginning on or after January 1,  
17 2022, but before January 1, 2023, for the credit described in  
18 subsection 1, paragraph "a", as if the credit did not expire:

19 (1) An applicant with a valid application who was on the  
20 wait list pursuant to subsection 3, paragraph "d", subparagraph  
21 (2), as of December 31, 2021, and who did not receive the  
22 credit.

23 (2) An applicant whose application went through the review  
24 process of the department and who otherwise had a valid  
25 application but was nevertheless sent a denial letter by the  
26 department for the 2021 award year regardless of whether or not  
27 the applicant appealed the denial letter.

28 (3) An applicant with a valid application whose application  
29 was in the review process of the department but whose  
30 application expired due to the expiration of the credit  
31 described in subsection 1, paragraph "a". The department  
32 shall reinstate and review such an expired application.  
33 The department shall use the original submission date of  
34 reinstated applications to determine the order of reviewing  
35 such applications.

1 (4) An applicant who has not submitted an application for an  
2 installation that was completed during the 2021 calendar year  
3 but who submits a valid application on or before June 30, 2022.

4 b. The cumulative value of tax credits in subsection 3,  
5 paragraph "d", subparagraph (2), shall not limit the amount of  
6 annual tax credits that may be awarded for valid applications  
7 that qualify pursuant to this subsection.

8 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate  
9 importance, takes effect upon enactment.

10 Sec. 5. RETROACTIVE APPLICABILITY. A tax credit award  
11 issued pursuant to this Act applies retroactively to tax years  
12 beginning on or after January 1, 2022, but before January 1,  
13 2023.

14 EXPLANATION

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

17 This bill relates to the solar energy system tax credit  
18 available against the individual and corporate income tax, the  
19 franchise tax, and the moneys and credits tax.

20 BACKGROUND. Currently, the solar energy system tax credit  
21 expired for residential installations completed after December  
22 31, 2021, due to conforming with a version of federal law that  
23 no longer applies. Additionally, a maximum of \$5 million of  
24 both residential and commercial solar energy system credits may  
25 be annually claimed in the aggregate, and a wait list exists  
26 for installations completed on or prior to December 31, 2021.

27 CHANGES IN THE BILL. The bill changes the solar energy  
28 system tax credit application due date for residential  
29 installations that were completed during the 2021 calendar year  
30 from May 1, 2022, to June 30, 2022. The bill also removes the  
31 annual maximum \$5 million limit placed on residential solar  
32 energy system tax credit claims for certain applicants. The  
33 bill does not extend the residential solar energy system tax  
34 credit for installations that are completed after December 31,  
35 2021.

H.F. 2556

1 The following residential solar energy system tax credit  
2 applicants are eligible to claim the solar energy system tax  
3 credit for the 2022 tax year as if the residential solar  
4 energy system tax credit did not expire: an applicant with a  
5 valid application who was on the wait list as of December 31,  
6 2021, and who did not receive the credit; an applicant whose  
7 application went through the review process of the department  
8 of revenue and who otherwise had a valid application but  
9 was nevertheless sent a denial letter by the department of  
10 revenue for the 2021 award year regardless of whether or not  
11 the applicant appealed the denial letter; an applicant whose  
12 application was in the review process of the department of  
13 revenue but whose application expired due to the expiration  
14 of the credit; and an applicant who has not submitted an  
15 application for an installation that was completed during the  
16 2021 calendar year.

17 The bill takes effect upon enactment and applies  
18 retroactively to the tax year beginning on or after January 1,  
19 2022, but before January 1, 2023.