

House File 674 - Introduced

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BY ISENHART

A BILL FOR

1 An Act reducing the solar energy system tax credit wait list
2 by reducing authorized aggregate tax credits for certain
3 economic development programs.

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

1 Section 1. Section 15.119, Code 2021, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 6. *a.* In allocating the amount of tax
4 credits authorized pursuant to subsection 1 among the programs
5 specified in subsection 2, the authority shall reduce the
6 amount of tax credits authorized pursuant to subsection 1 equal
7 to the cumulative value of the solar energy system tax credits
8 on the wait list, upon the notification sent pursuant to
9 section 422.11L, subsection 4, paragraph "c", subparagraph (2).

10 *b.* A reduction pursuant to this subsection shall not exceed
11 seven million dollars in any one fiscal year.

12 Sec. 2. Section 422.11L, subsection 4, Code 2021, is amended
13 to read as follows:

14 4. *a.* The cumulative value of tax credits claimed annually
15 by applicants pursuant to [this section](#) shall not exceed
16 five million dollars, unless additional moneys are available
17 pursuant to paragraph "c". Of this amount, at least one
18 million dollars shall be reserved for claims associated with or
19 resulting from residential solar energy system installations.
20 In the event that the total amount of claims submitted for
21 residential solar energy system installations in a tax year
22 is an amount less than one million dollars, the remaining
23 unclaimed reserved amount shall be made available for claims
24 associated with or resulting from nonresidential solar energy
25 system installations received for the tax year.

26 *b.* If an amount of tax credits available for a tax year
27 pursuant to paragraph "a" goes unclaimed, the amount of the
28 unclaimed tax credits shall be made available for the following
29 tax year in addition to, and cumulated with, the amount
30 available pursuant to paragraph "a" for the following tax year.

31 *c.* (1) The cumulative value of tax credits claimed annually
32 may exceed five million dollars pursuant to this paragraph.
33 The additional amount of tax credits that may be claimed
34 pursuant to this paragraph shall equal the amount of tax
35 credits placed on the wait list pursuant to subsection 3, up to

1 the amount allowable under section 15.119, subsection 6, until
2 such time the wait list is eliminated.

3 (2) (a) At the beginning of each fiscal year, the
4 director of revenue shall notify the director of the economic
5 development authority of the cumulative value of the tax
6 credits on the wait list in subsection 3, paragraph "d",
7 subparagraph (2).

8 (b) The director of revenue shall notify the director of
9 economic development authority when the cumulative value of
10 the tax credits on the wait list is zero, at which point no
11 additional amount of tax credit may be claimed pursuant to this
12 paragraph.

13 EXPLANATION

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

16 This bill reduces the solar energy system tax credit wait
17 list by reducing authorized aggregate tax credits for certain
18 economic development programs.

19 Currently, the cumulative value of solar energy system tax
20 credits claimed is annually capped at \$5 million. The bill
21 allows the cumulative value of tax credits claimed annually to
22 exceed the \$5 million cap amount until such time the wait list
23 for the tax credit is eliminated. The amount of tax credits
24 that may be claimed in excess of the \$5 million cap shall equal
25 the amount of tax credits placed on the wait list, but shall
26 not exceed \$7 million over the cap.

27 The bill requires the director of revenue, at the beginning
28 of each fiscal year, to notify the director of the department
29 of economic authority of the cumulative value of tax credits
30 on the solar energy system tax credit wait list. The bill
31 also requires the director of the department of revenue to
32 notify the director of the economic development authority when
33 the cumulative value of the tax credits on the solar energy
34 system tax credit wait list is zero, at which point authorized
35 aggregate tax credits for certain economic development programs

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1 shall cease being reduced.

2 Currently, certain economic development tax credit amounts
3 are capped at \$170 million in the aggregate under Code section
4 15.119. In allocating the tax credits pursuant to Code section
5 15.119, the bill requires the economic development authority to
6 reduce the \$170 million authorized tax credit aggregate amount
7 by the cumulative value of the solar energy system tax credits
8 on the wait list until such time the wait list for the solar
9 energy system tax credit is eliminated.

10 The solar energy system tax credit is available against
11 the individual and corporate income taxes, franchise tax, and
12 moneys and credits tax.