

Senate File 2326 - Introduced

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A BILL FOR

1 An Act relating to the solar energy system tax credit, and
2 including effective date and applicability provisions.
3 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. APPLICABILITY. A tax credit award issued pursuant
11 to this Act applies to tax years beginning on or after January
12 1, 2022, but before January 1, 2023.

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

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

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

35 The following residential solar energy system tax credit

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

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