

**EIGHTY-SIXTH GENERAL ASSEMBLY
2016 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

APRIL 29, 2016

**HOUSE AMENDMENT TO
SENATE FILE 492**

S-5181

1 Amend Senate File 492, as passed by the Senate, as
2 follows:
3 1. Page 1, line 1, by striking <Code 2015> and
4 inserting <Code 2016>
5 2. Page 1, by striking lines 18 through 21 and
6 inserting <additional needs. Upon request of the
7 department of human services, the executive council
8 may make available up to one hundred thousand dollars,
9 or so much as is necessary, for contract entity staff
10 support and case management training.>

RECEIVED FROM THE HOUSE

S-5181 FILED APRIL 28, 2016

S-5185

1 Amend Senate File 2325 as follows:

2 1. By striking everything after the enacting clause
3 and inserting:

4 <Section 1. Section 423.4, Code 2016, is amended by
5 adding the following new subsection:

6 NEW SUBSECTION. 12. a. For purposes of this
7 subsection, "designated nonprofit hospital" means a
8 nonprofit hospital licensed pursuant to chapter 135B
9 that satisfies all of the following requirements:

10 (1) The hospital entered into a written
11 construction contract on or after January 1, 2014, but
12 prior to December 31, 2016, or the hospital issued
13 bonds to fund construction on or after July 1, 2014,
14 but prior to December 31, 2016.

15 (2) The hospital is located in a county that
16 borders Illinois and has a population of at least one
17 hundred fifty thousand according to the 2010 certified
18 federal census.

19 (3) Between July 1, 2014, and December 31, 2018,
20 the hospital, including any affiliated system hospital
21 located in the same county, expends more than two
22 million dollars on capital expenditures for facilities
23 to provide inpatient or outpatient behavioral health
24 services, as determined by the department from the
25 Medicare cost reports prepared by the hospital.

26 b. Beginning July 1, 2017, a designated nonprofit
27 hospital in this state may make application to the
28 department for the refund of the sales or use tax
29 upon the sales price of all sales of goods, wares,
30 or merchandise, or from services furnished to a
31 contractor, used in the fulfillment of a written
32 construction contract with the designated nonprofit
33 hospital entered into on or after January 1, 2014,
34 but prior to December 31, 2016. In order to qualify
35 for the refund, the sale and delivery of the goods,

S-5185

1 wares, or merchandise, or the services furnished, must
2 have occurred between January 1, 2014, and December
3 31, 2017, and must have been purchased directly by a
4 contractor, or by a contractor as the agent for the
5 designated nonprofit hospital, or directly by the
6 designated nonprofit hospital.

7 c. Such contractor shall state under oath, on forms
8 provided by the department, the amount of such sales
9 of goods, wares, or merchandise, or services furnished
10 and used in the performance of such contract, and upon
11 which sales or use tax has been paid, and shall file
12 such forms with the designated nonprofit hospital which
13 has made any written contract for performance by the
14 contractor.

15 d. On or after July 1, 2017, but not more than
16 three years after final settlement has been made, the
17 designated nonprofit hospital shall make application
18 to the department for any refund of the amount of the
19 sales or use tax which shall have been paid upon any
20 goods, wares, or merchandise, or services furnished.
21 The application shall be made in the manner prescribed
22 by the department and upon forms provided by the
23 department. The department shall audit the claim
24 and, if approved, issue a warrant to the designated
25 nonprofit hospital in the amount of the sales or use
26 tax which has been paid to the state of Iowa under
27 the contract. However, for sales and use tax paid
28 between January 1, 2014, and July 1, 2017, the total
29 eligible refund shall be amortized equally over two
30 calendar years, and the department shall issue one
31 warrant each calendar quarter for forty-eight calendar
32 quarters until the total applicable refund amount has
33 been issued.

34 e. The total amount of refunds provided pursuant to
35 this subsection shall not exceed two million dollars.

1 f. Any contractor who willfully makes a false
2 report of tax paid under the provisions of this
3 subsection is guilty of a simple misdemeanor and in
4 addition shall be liable for the payment of the tax and
5 any applicable penalty and interest.

6 g. This subsection is repealed July 1, 2022, or
7 thirty days following the date on which two million
8 dollars in total refunds have been provided.>

9 2. Title page, by striking lines 1 through 5 and
10 inserting <An Act providing a sales tax refund for the
11 sale of goods and services furnished in fulfillment
12 of a written construction contract with a qualifying
13 nonprofit hospital, and providing penalties.>

By CHRIS BRASE

ROBY SMITH

SENATE FILE 2327

S-5180

- 1 Amend Senate File 2327 as follows:
2 1. Page 4, by striking lines 27 through 30.
3 2. By striking page 5, line 33, through page 6,
4 line 14.
5 3. Page 6, line 19, after <all> by inserting <of>
6 4. Page 7, by striking line 17.
7 5. Page 7, by striking line 19.
8 6. Page 7, line 23, by striking <date.> and
9 inserting <date:>
10 7. Page 8, by striking lines 1 through 5.
11 8. By renumbering as necessary.

By JOE BOLKCOM

S-5180 FILED APRIL 28, 2016
ADOPTED

HOUSE FILE 2432

S-5184

- 1 Amend House File 2432, as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking everything after the enacting clause
4 and inserting:
5 <Section 1. Section 602.1401, subsection 1, Code
6 2016, is amended to read as follows:
7 1. The supreme court shall establish, and may
8 amend, a personnel system and a pay and benefits
9 plan for court employees, judicial officers, and
10 senior judges. The personnel system shall include a
11 designation by position title, classification, and
12 function of each position or class of positions within
13 the judicial branch. Reasonable efforts shall be made
14 to accommodate the individual staffing and management
15 practices of the respective clerks of the district
16 court. The personnel system, in the employment of
17 court employees, shall not discriminate on the basis
18 of race, creed, color, sex, national origin, religion,
19 physical disability, or political party preference.
20 The supreme court, in establishing the personnel
21 system, shall implement the comparable worth directives
22 issued by the state court administrator under section
23 602.1204, subsection 2. The personnel system shall
24 include the prohibitions against sexual harassment
25 of full-time, part-time, and temporary employees set
26 out in section 19B.12, and shall include a grievance
27 procedure for discriminatory harassment. The personnel
28 system shall develop and distribute at the time of
29 hiring or orientation, a guide that describes for
30 employees the applicable sexual harassment prohibitions
31 and grievance, violation, and disposition procedures.
32 This subsection does not supersede the remedies
33 provided under chapter 216. This subsection shall not
34 be construed to allow the supreme court to set salaries
35 for judicial officers. The section shall be construed

S-5184

1 to require the public disclosure of the salaries of
2 court employees, and judicial officers and to disclose
3 any adjustments made to judicial officer salaries made
4 pursuant to section 602.1501.

5 Sec. 2. Section 602.1501, Code 2016, is amended by
6 striking the section and inserting in lieu thereof the
7 following:

8 602.1501 Judicial salaries.

9 The salaries of all judicial officers as defined in
10 section 602.1101 shall be set in accordance with the
11 judicial branch personnel system pursuant to section
12 602.1401 and paid from the general operating moneys
13 appropriated to the judicial branch. To the extent
14 moneys are available, all judicial officer salaries
15 shall be increased in each fiscal year by an amount
16 equal to the across-the-board percentage received by
17 noncontract covered state employees. A salary increase
18 shall be made a public record through an order from
19 the supreme court no less than thirty days prior to
20 the effective date of the increase. A salary increase
21 shall not take effect in a fiscal year until the
22 general operating moneys for the judicial branch have
23 been appropriated for that fiscal year.

24 Sec. 3. Section 602.6201, subsections 5, 6, 7, and
25 10, Code 2016, are amended by striking the subsections.

26 Sec. 4. Section 602.6301, Code 2016, is amended by
27 striking the section and inserting in lieu thereof the
28 following:

29 602.6301 Number and apportionment of district
30 associate judges.

31 The supreme court shall prescribe, subject to the
32 restrictions of this section, a formula to determine
33 the number of district associate judges serving in
34 each judicial election district. The formula shall be
35 based on a model that measures and applies an estimated

1 case-related workload formula of judicial officers, and
2 shall account for administrative duties, travel time,
3 and other judicial duties not related to a specific
4 case.

5 Sec. 5. Section 602.6401, subsection 1, Code 2016,
6 is amended to read as follows:

7 1. ~~Two hundred six magistrates~~ Magistrates shall
8 be apportioned among the counties as provided in this
9 section. Magistrates appointed pursuant to section
10 602.6303 or 602.6402 shall not be counted for purposes
11 of this section. This subsection does not authorize
12 the judicial branch to reduce the number of apportioned
13 magistrates for the purpose of making moneys available
14 for salary increases for judicial officers as provided
15 in section 602.1501.

16 Sec. 6. Section 602.9104, subsection 1, paragraph
17 a, Code 2016, is amended to read as follows:

18 a. A judge to whom this article applies shall be
19 paid an amount equal to the basic salary of the judge
20 ~~as set by the general assembly~~ reduced by an amount
21 designated as the judge's required contribution to the
22 judicial retirement fund. The amount designated as
23 the judge's required contribution shall be paid by the
24 state in the manner provided in subsection 2.

25 Sec. 7. Section 602.9204, subsection 1, paragraph
26 a, Code 2016, is amended by striking the paragraph.

27 Sec. 8. 2008 Iowa Acts, chapter 1191, section 14,
28 subsection 7, as amended by 2010 Iowa Acts, chapter
29 1193, section 26, is amended to read as follows:

30 7. The following are range 7 positions:
31 administrator of the public broadcasting division
32 of the department of education, director of the
33 department of corrections, director of the department
34 of education, director of human services, director
35 of the department of economic development, executive

1 director of the Iowa telecommunications and technology
2 commission, executive director of the state board
3 of regents, director of transportation, director of
4 the department of workforce development, director
5 of revenue, director of public health, ~~state court~~
6 ~~administrator~~, director of the department of
7 management, chief information officer, state debt
8 coordinator, and director of the department of
9 administrative services.

10 Sec. 9. REPEAL. 2013 Iowa Acts, chapter 140,
11 section 40, is repealed.

12 Sec. 10. EFFECTIVE DATE. The following provision
13 or provisions of this Act take effect July 1, 2017:

14 1. The section of this Act amending section
15 602.1401.

16 2. The section of this Act amending section
17 602.1501.

18 3. The section of this Act amending section
19 602.9204.

20 4. The section of this Act repealing 2013 Iowa
21 Acts, chapter 140, section 40.>

COMMITTEE ON APPROPRIATIONS
ROBERT E. DVORSKY, CHAIRPERSON

HOUSE FILE 2468

S-5182

1 Amend House File 2468, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 4, after line 26 by inserting:
4 <Sec. _____. Section 476C.1, subsection 6, paragraph
5 d, Code 2016, is amended to read as follows:
6 d. Was initially placed into service on or after
7 July 1, 2005, and before January 1, ~~2017~~ 2018.>
8 2. Page 5, after line 28 by inserting:
9 <Sec. _____. Section 476C.5, Code 2016, is amended to
10 read as follows:
11 476C.5 Certificate issuance period.
12 A producer or purchaser of renewable energy shall
13 receive renewable energy tax credit certificates for
14 a ten-year period for each eligible renewable energy
15 facility under this chapter. The ten-year period for
16 issuance of the tax credit certificates begins with the
17 date the purchaser of renewable energy first purchases
18 electricity, hydrogen fuel, methane gas or other biogas
19 used to generate electricity, or heat for commercial
20 purposes from the eligible renewable energy facility
21 for which a tax credit is issued under this chapter,
22 or the date the producer of the renewable energy first
23 uses the energy produced by the eligible renewable
24 energy facility for on-site consumption. Renewable
25 energy tax credit certificates shall not be issued for
26 renewable energy purchased or produced for on-site
27 consumption after December 31, ~~2026~~ 2027.>
28 3. Page 6, after line 30 by inserting:
29 <_____. The section of this Act amending section
30 476C.1.>
31 4. Page 6, after line 31 by inserting:
32 <_____. The section of this Act amending section
33 476C.5.>
34 5. Page 7, after line 12 by inserting:
35 <Sec. _____. RETROACTIVE APPLICABILITY. The

S-5182

S-5182

Page 2

- 1 following provision or provisions of this Act apply
- 2 retroactively to January 1, 2016, for tax years
- 3 beginning on or after that date:
- 4 1. The section of this Act amending section 476C.1.
- 5 2. The section of this Act amending section
- 6 476C.5.>
- 7 6. By renumbering as necessary.

By JOE BOLKCOM

S-5182 FILED APRIL 28, 2016

ADOPTED

HOUSE FILE 2468

S-5183

- 1 Amend House File 2468, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, after line 19 by inserting:
- 4 <Sec. _____. NEW SECTION. 422.10A Geothermal tax
- 5 credit.
- 6 1. For purposes of this section, unless the context
- 7 otherwise requires:
- 8 a. "Qualified geothermal heat pump property" means
- 9 any equipment that uses the ground or groundwater as
- 10 a thermal energy source to heat the dwelling unit of
- 11 the taxpayer or as a thermal energy sink to cool such
- 12 dwelling unit, which equipment meets the requirements
- 13 of the federal energy star program in effect at the
- 14 time that the expenditure for such equipment is made.
- 15 b. "Qualified geothermal heat pump property
- 16 expenditures" means an expenditure for qualified
- 17 geothermal heat pump property installed on or in
- 18 connection with a dwelling unit located in Iowa and
- 19 used as a residence by the taxpayer.
- 20 2. Except as provided in subsection 6, the taxes
- 21 imposed under this division, less the credits allowed
- 22 under section 422.12, shall be reduced by a geothermal
- 23 tax credit equal to ten percent of the qualified
- 24 geothermal heat pump property expenditures made by the
- 25 taxpayer during the tax year.
- 26 3. Qualified geothermal heat pump property
- 27 expenditures shall be deemed to have been made on the
- 28 date the installation is complete or, in the case
- 29 of new construction or reconstruction, the date the
- 30 original use of the structure by the taxpayer begins.
- 31 4. In the case of a taxpayer whose dwelling unit
- 32 is part of a multiple housing cooperative organized
- 33 under chapter 499A or a horizontal property regime
- 34 under chapter 499B, the taxpayer shall be treated as
- 35 having made the taxpayer's proportionate share of any

S-5183

1 qualified geothermal heat pump property expenditures
2 made by the cooperative or the regime.

3 5. Any credit in excess of the tax liability is
4 not refundable but the excess for the tax year may be
5 credited to the tax liability for the following ten
6 years or until depleted, whichever is earlier.

7 6. The credit provided in this section shall not
8 be available during any tax year in which the federal
9 residential energy efficient property tax credit for
10 geothermal heat pumps provided in section 25D(a)(5) of
11 the Internal Revenue Code is available. Any amount
12 of expenditures used to calculate the credit provided
13 in section 25D(a)(5) of the Internal Revenue Code
14 shall not be considered qualified geothermal heat pump
15 property expenditures for purposes of this section.>

16 2. Page 6, after line 31 by inserting:

17 <Sec. ____ . EFFECTIVE DATE. The section of this Act
18 enacting section 422.10A takes effect January 1, 2017.>

19 3. Page 7, after line 25 by inserting:

20 <Sec. ____ . APPLICABILITY. The section of this
21 Act enacting section 422.10A applies to qualified
22 geothermal heat pump property expenditures incurred on
23 or after January 1, 2017.>

24 4. Title page, line 9, after <entities,> by
25 inserting <a geothermal tax credit,>

26 5. By renumbering as necessary.

By JOE BOLKCOM

REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 2304

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and House of Representatives on Senate File 2304, a bill for an Act relating to standards for and certification and inspection of children's residential facilities, respectfully make the following report:

1. That the House recedes from its amendment, S-5125.

2. That Senate File 2304, as passed by the Senate, is amended to read as follows:

1. Page 2, after line 32 by inserting:

<3. Standards established by the department under this chapter shall not regulate religious education curricula at children's residential facilities.>

2. Page 2, line 33, after <Rules> by inserting <and standards — requirements>

3. Page 3, by striking lines 2 through 14 and inserting:

<2. Before the administrator issues or reissues a certificate of approval to a children's residential facility under section 237C.6, the facility shall comply with standards adopted by the state fire marshal under chapter 100.

3. Rules governing sanitation, water, and waste disposal standards for children's residential facilities shall be adopted by the department of human services in consultation with the director of public health.>

4. Page 3, line 19, after <rules> by inserting <and standards>

5. Page 3, line 20, after <rules> by inserting <and standards>

6. Page 3, after line 21 by inserting:

<6. Rules adopted under this section shall not regulate

CCS-2304

religious education curricula at children's residential facilities.

7. Prior to establishing, proposing, adopting, or modifying a standard or rule under section 237C.3, this section, or section 282.34, the department of human services or the department of education, as applicable, shall, at a minimum, do all of the following:

a. Publish the entire text of the proposed standard, rule, or modification on its internet site.

b. Make every reasonable effort to notify the children's residential facilities in this state of the proposed standard, rule, or modification.

c. Allow and invite any and all persons interested in the proposed standard, rule, or modification to submit written data, facts, opinions, comments, and arguments, which information shall be made publicly available and shall be filed with and maintained by the applicable department for at least five years from the date of submission to the applicable department.>

7. Page 5, line 23, after <state,> by inserting <the department of education,>

8. Page 5, line 27, after <violation.> by inserting <A civil action brought by the department of education under this subsection shall be limited to seeking relief from conduct constituting a violation of section 282.34.>

9. Page 6, line 25, after <fees.> by inserting <This paragraph shall not apply to sponsorship by a children's residential facility of public radio or public television broadcasts.>

10. Page 6, after line 33 by inserting:

<2A. The department of education shall comply with the requirements of section 237C.4, subsection 7, regarding standards, rules, and modifications, and the responsibilities set forth for publication, notification, and receipt and

CCS-2304

maintenance of information filed with the department.>

11. Page 7, after line 1 by inserting:

<4. Rules adopted under this section shall not regulate religious education curricula at children's residential facilities.>

12. Page 7, by striking lines 4 and 5 and inserting <department of human services and the department of education shall>

13. By renumbering, redesignating, and correcting internal references as necessary.

ON THE PART OF THE SENATE:

ON THE PART OF THE HOUSE:

ROBERT M. HOGG, CHAIRPERSON

BOBBY KAUFMANN, CHAIRPERSON

JOE BOLKCOM

RUTH ANN GAINES

TIM KRAAYENBRINK

GREG HEARTSILL

HERMAN C. QUIRMBACH

JAKE HIGHFILL

AMY SINCLAIR

VICKI LENSING

CCS-2304
ADOPTED

FILED APRIL 28, 2016



SF 2327 – Revenue Department Tax and Related Changes (LSB6081SV)
Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – Corrected - incorrect Code citation

Description

Senate File 2327 pertains to the tax and related laws of Iowa. The bill:

- Requires that the Department of Revenue subject job applicants, contractors, vendors, employees, and others performing work for the Department to a national criminal history check through the Federal Bureau of Investigation and requires the Department to provide fingerprints of the individuals to the Iowa Department of Public Safety. With the exception of job applicants, the requirements must be met at least once every 10 years. The bill also requires that the investigated individuals authorize the release of the results to the Department of Revenue. In addition, the bill specifies that the results of the investigation are not a public record and any cost is to be borne by the Department of Revenue. The change is effective on enactment.
- Specifies the procedure the Department of Revenue must use in instances where applications for the [Solar Energy System Tax Credit](#) exceed the total available credit amount for a year. The change is retroactive to January 1, 2014.
- Couples the Iowa Solar Energy System Tax Credit with the federal Internal Revenue Code (IRC) for tax years beyond tax year 2015. With the enactment of [HF 2433](#) (IRC Update and Manufacturing Consumables Tax Exemption Act of 2016), Iowa's tax code is generally coupled with the federal IRC, but only through tax year 2015. The Iowa tax credit is equal to a percentage of the federal credit. The federal credit expires after calendar year 2021. The change is retroactive to January 1, 2015.
- Modifies an existing sales tax exemption available for construction project contracts involving a designated exempt entity. Under current law, designated exempt entities generally include governmental entities and instrumentalities of state, federal, county, or municipal governments. The bill expands the definition of designated exempt entity to include the agent of an instrumentality of a county or municipal government if the instrumentality was created for the purpose of owning real property within a Reinvestment District established under Iowa Code chapter [15J](#). The change is retroactive to January 1, 2015, and applies to purchases made on or after the date of enactment.
- Requires the Director of the Department of Revenue to consider evidence from both the taxpayer and the Department during a property tax appeal on the assessment of certain centrally assessed property. The provision is effective retroactively to May 22, 2015.
- Extends the Utility Replacement Task Force three years, to January 1, 2019. This provision is effective retroactively to January 1, 2016.
- Extends by one year the date a project receiving tax credits under the [Renewable Energy Tax Credit Program](#) must begin operations, from January 1, 2017, to January 1, 2018, and correspondingly extends the final year the tax credits are available, from 2026 to 2027. This change applies retroactively to January 1, 2016.
- Removes or modifies ownership restrictions for small solar projects eligible for Renewable Energy Tax Credits under Iowa Code section [476C.3\(4\)\(b\)\(3\)](#). The change applies retroactively to January 1, 2015, and to applications for the tax credit made on or after June 26, 2015.

- Notwithstanding deadlines for Solar Energy System Tax Credits for applications where a specific set of temporal circumstances apply. The change is effective on enactment.

Background

Section 3 – Solar Energy Tax Credit Coupling

Iowa has coupled with the federal IRC through tax year 2015. The Iowa Solar Energy Tax Credit is a percentage of the federal solar tax credit. The federal government has made changes to their credit and extended it through at least tax year 2021. Iowa law is currently not coupled with the tax credit extension.

Section 4 – Sales Tax Exemption

Construction contracts for buildings constructed for governmental entities and the instrumentalities of governmental entities are generally eligible for a sales tax refund under Iowa Code section [423.4\(1\)](#). To be eligible for the sales tax refund, the purchased property must become an integral part of the building and upon completion, the project must become public property. While the refund provision includes instrumentalities of governments, the refund language does not mention specifically the agents of instrumentalities.

Under current law, Iowa Code section [423.3\(80\)](#) provides a sales tax exemption for the purchase of materials by contractors for the construction of a building for a designated exempt entity. That section adopts by reference the same definition for designated exempt entity as is used in the sales tax refund provision discussed in the above paragraph. The change contained in the bill keeps the existing definition of a designated exempt entity eligible for the sales tax exemption, and adds the agent of an instrumentality of a county or municipal government, but only in certain circumstances related to a Reinvestment District.

Sections 8 and 11 – Renewable Energy Tax Credit Deadline

To qualify for Iowa's Renewable Energy Tax Credit (wind energy and renewable energy projects other than wind), the project must be placed in service by January 1, 2017. If that deadline is missed, the project is not eligible for the tax credit and tax credits will expire unused.

Sections 9 and 10 – Small Solar Projects

To qualify for an existing Renewable Energy Tax Credit reserved for small solar projects, a solar energy project must have a nameplate generating capacity of 1.5 megawatts or less and be owned by an electric cooperative association, municipally-owned city utility, or a rate-regulated public utility. The project must also meet the eligible renewable energy facility definitional requirements of Iowa Code section [476C.1\(6\)](#). The change in the bill removes some of the small solar project ownership restrictions associated with the definition of an eligible renewable energy facility.

Current statute allows a total of 10.0 megawatts of projects to be approved for tax credits under the small solar project portion of the Renewable Energy Tax Credit Program. The Iowa Utilities Board tax credit project application tracking system indicates that applications have been received for 9.5 megawatts of the totaled allowed 10.0 megawatts. It is assumed that one or two of these projects totaling no more than 3.0 megawatts do not meet the current ownership requirements and those projects will not be approved for tax credits in their current form. The deadline for a project to become operational and therefore eligible to earn Renewable Energy Tax Credits going forward is January 1, 2017.

Assumptions

- An analysis by the Department of Revenue and the Office of Attorney General has concluded that the impacted projects within Reinvestment Zones qualify for an existing sales tax refund process and that the change in the bill making those projects also eligible for a sales tax exemption does not provide any additional financial benefit to the projects. If there is no financial benefit to the project, then there is no fiscal impact to state revenue.
- The placed-in-service deadline for the Renewable Energy Tax Credit is January 1, 2017. For the purposes of this fiscal estimate, the Department of Revenue assumes that all projects will become operational by the existing deadline, with or without the changes in the bill.
- Section 12, notwithstanding application deadlines under the Solar Energy System Tax Credit Program, has a fiscal impact as it makes applicants that are not eligible for tax credits under existing law newly eligible. However, the applications will become part of the limited tax credit that is extended in Section 3 of this bill and therefore the fiscal impact of Section 12 is included within the fiscal impact of Section 3.

Fiscal Impact

Section 3, coupling the Iowa Solar Energy Tax System Credit with the federal IRC for tax years beyond 2015, will extend Iowa's credit through the 2021 federal expiration date. Without this coupling provision, the Iowa credit will not be available for tax years after 2015. The fiscal impact of this change will reduce projected General Fund revenue as listed below:

- FY 2018 = \$2.5 million
- FY 2019 = \$3.5 million
- FY 2020 = \$3.8 million
- FY 2021 = \$4.0 million
- FY 2022 = \$4.1 million
- FY 2022 through FY 2032 in total = \$12.0 million

Section 4, expanding a sales tax exemption for entities involved in projects within a Reinvestment District, is deemed to have no identifiable fiscal impact as the sales in question are assumed to be eligible for a sales tax refund under current law.

Sections 8 and 11, extending the placed-in-service deadline for project eligibility under the Renewable Energy Tax Credit Program for one year, is deemed to have no fiscal impact as all projects on the Iowa Utilities Board project list are assumed by the Department of Revenue to become operational under the existing placed-in-service January 1, 2017, deadline.

Sections 9 and 10, removing ownership requirements for tax credits available for small solar projects, are assumed to have no identifiable fiscal impact as it is assumed by the Department of Revenue that even if projects on the current application list are found to be not eligible, new projects will be added to the list and will become operational by the January 1, 2017, deadline.

The remaining provisions of the bill do not have a significant fiscal impact.

Sources

Iowa Department of Revenue
Iowa Attorney General
Iowa Utilities Board

/s/ Holly M. Lyons

April 28, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
