



**Wind Energy Production Tax Credits (Iowa Code chapter 476B)  
Renewable Energy Tax Credits (Iowa Code chapter 476C)**

Legislative Tax Expenditure Committee

December 12, 2019

The Wind Energy Production Tax Credits and the Renewable Energy Tax Credits programs were established under Iowa Code chapters 476B and 476C to encourage the development of wind and other renewable energy. The Iowa Utilities Board (IUB) and the Iowa Department of Revenue (IDR) administer the two programs. The IUB screens applications for eligibility; the IDR issues the credits. The process involves two approvals:

Eligibility:

- Applicant files an eligibility application with the IUB.
- The IUB makes a preliminary determination of whether the facility is an eligible facility.

Annual tax credit application:

- Following the IUB's preliminary eligibility determination, the applicant applies for tax credits annually for ten years based on the energy generated by the eligible facility and sold or consumed on site.
- The IUB comments on the facility's eligibility status and the applicant's reported energy.
- The IDR reviews the application and the IUB's comments and issues or denies the tax credits in accordance with IDR requirements and procedures.

Information about the two programs and the application process is on the IUB's website at:

<https://iub.iowa.gov/regulated-industries/electric/renewable-energy-tax-credits>

### **Iowa Code § 476B Wind Tax Credit**

- Ten-year production tax credit of \$0.01 per kWh electricity generated and sold or consumed on site by the facility owner.
- Facility size limited to 30 MW nameplate capacity.
- Facility must have been originally placed in service on or after July 1, 2005, but before July 1, 2012.
- The total capacity of all facilities eligible under 476B cannot exceed 50 MW.
- No new facilities can be approved under this program.

### **Iowa Code § 476C Renewable Energy Tax Credit**

- Ten-year production tax credit of \$0.015 per kilowatt-hour<sup>1</sup> generated and sold or consumed on site by the facility owner.
- Facilities could be a wind energy conversion facility, a biogas recovery facility, a biomass conversion facility, a methane gas recovery facility, a solar energy conversion facility, a refuse conversion facility, or a cogeneration facility.
- Facility must have been originally placed in service on or after July 1, 2005, but before January 1, 2018.
- Each facility owner is eligible for 2.5 megawatts nameplate capacity.
- Maximum nameplate capacity/heat generation of all facilities found eligible under 476C are limited to the following:
  - Wind energy conversion facilities: 363 megawatts nameplate capacity.
  - Non-wind energy conversion facilities: 53 megawatts or megawatt-equivalent nameplate capacity.
  - Refuse conversion facilities: 167 billion British thermal units of heat for a commercial purpose.

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<sup>1</sup> Or \$4.50 per million British thermal units of heat for a commercial purpose, or \$4.50 per million British thermal units of methane gas or other biogas used to generate electricity, or \$1.44 per one thousand standard cubic feet of hydrogen fuel.