

MAR 7 2006
WAYS AND MEANS

HOUSE FILE 2682
BY COMMITTEE ON COMMERCE,
REGULATION AND LABOR

(SUCCESSOR TO HF 2489)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the renewable energy tax credit program
2 including providing for the extension of certain eligibility
3 deadlines and operational requirements for eligible
4 facilities.

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

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HF 2682

TLSB 6206HV 81

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1 Section 1. Section 476C.1, subsection 6, paragraph d, Code
2 Supplement 2005, is amended to read as follows:

3 d. Was initially placed into service on or after July 1,
4 2005, and before January 1, ~~2011~~ 2012.

5 Sec. 2. Section 476C.3, subsection 1, paragraph e, Code
6 Supplement 2005, is amended to read as follows:

7 e. A copy of ~~the~~ an executed power purchase agreement or
8 other agreement demonstrating a financial capability and
9 commitment to bring the project to completion and to purchase
10 electricity, hydrogen fuel, methane or other biogas, or heat
11 for a commercial purpose which shall designate is binding on
12 the parties to the agreement and which designates either the
13 producer or purchaser of renewable energy as eligible to apply
14 for the renewable energy tax credit. The board shall adopt
15 rules to describe the agreements that are acceptable under
16 this paragraph.

17 Sec. 3. Section 476C.3, subsection 3, Code Supplement
18 2005, is amended to read as follows:

19 3. A facility that is not operational within eighteen
20 months after issuance of an approval for the facility by the
21 board shall cease to be an eligible renewable energy facility.
22 However, a wind energy conversion facility that is approved as
23 eligible under this section but is not operational within
24 eighteen months due to the unavailability of necessary
25 equipment shall be granted an additional twelve months to
26 become operational. A facility that is granted and thereafter
27 loses approval may reapply to the board for a new
28 determination.

29 Sec. 4. Section 476C.5, Code Supplement 2005, is amended
30 to read as follows:

31 476C.5 CERTIFICATE ISSUANCE PERIOD.

32 A producer or purchaser of renewable energy may receive
33 renewable energy tax credit certificates for a ten-year period
34 for each eligible renewable energy facility under this
35 chapter. The ten-year period for issuance of the tax credit

1 certificates begins with the date the purchaser of renewable
2 energy first purchases electricity, hydrogen fuel, methane gas
3 or other biogas used to generate electricity, or heat for
4 commercial purposes from the eligible renewable energy
5 facility for which a tax credit is issued under this chapter.
6 Renewable energy tax credit certificates shall not be issued
7 for renewable energy purchased after December 31, ~~2020~~ 2021.

8 Sec. 5. ADMINISTRATIVE RULES. The utilities board may
9 adopt administrative rules under section 17A.4, subsection 2,
10 and section 17A.5, subsection 2, paragraph "b", to implement
11 the provisions of this Act amending section 476C.3, subsection
12 1, paragraph "e", and the rules shall become effective
13 immediately upon filing or on a later effective date specified
14 in the rules, unless the effective date is delayed by the
15 administrative rules review committee. Any rules adopted in
16 accordance with this section shall not take effect before the
17 rules are reviewed by the administrative rules review
18 committee. The delay authority provided to the administrative
19 rules review committee under section 17A.4, subsection 6, and
20 section 17A.8, subsection 9, shall be applicable to a delay
21 imposed under this section, notwithstanding a provision in
22 those sections making them inapplicable to section 17A.5,
23 subsection 2, paragraph "b". Any rules adopted in accordance
24 with the provisions of this section shall also be published as
25 notice of intended action as provided in section 17A.4.

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EXPLANATION

27 This bill relates to the renewable energy tax program. The
28 bill extends the eligibility deadline for placement into
29 service of a renewable energy facility by one year to January
30 1, 2012. The bill requires a person applying for a
31 determination of eligibility to provide the utilities board
32 with a copy of an executed power purchase agreement or other
33 agreement that demonstrates a financial commitment to bring
34 the project to completion and that is binding on the parties
35 to the agreement.

1 Under current law, if an eligible facility is not
2 operational within 18 months, the facility is no longer
3 considered eligible. The bill extends this operational
4 deadline by an additional 12 months if the eligible facility
5 is a wind energy conversion facility and cannot be operational
6 within 18 months due to the unavailability of necessary
7 equipment.

8 Under current law, a renewable energy tax credit
9 certificate cannot be issued for any renewable energy
10 purchased after December 31, 2020. The bill extends the
11 renewable energy tax credit certificate issuance period by one
12 year to December 31, 2021.

13 The bill provides for the adoption of rules by the
14 utilities board relating to the agreements that are acceptable
15 when applying for a determination of eligibility of a
16 renewable energy facility. The bill provides that the rules
17 adopted shall be effective upon enactment unless delayed by
18 the administrative rules review committee.

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