

## CHAPTER 476C

## RENEWABLE ENERGY TAX CREDIT

Referred to in §2.48, 422.11J, 422.11L, 422.33, 422.60, 423.4, 432.12E, 437A.17B, 476.48

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**476C.1 Definitions.**

For purposes of [this chapter](#), unless the context otherwise requires:

1. “*Anaerobic digester system*” means a system of components that processes plant or animal materials based on the absence of oxygen and produces methane or other biogas used to generate electricity, hydrogen fuel, or heat for a commercial purpose.

2. “*Biogas recovery facility*” means an anaerobic digester system that is located in this state.

3. “*Biomass conversion facility*” means a facility in this state that converts plant-derived organic matter including, but not limited to, agricultural food and feed crops, crop wastes and residues, wood wastes and residues, or aquatic plants to generate electricity, hydrogen fuel, or heat for a commercial purpose.

4. “*Board*” means the utilities board within the utilities division of the department of commerce.

5. “*Department*” means the department of revenue.

6. “*Eligible renewable energy facility*” means a wind energy conversion facility, a biogas recovery facility, a biomass conversion facility, a methane gas recovery facility, a solar energy conversion facility, or a refuse conversion facility that meets all of the following requirements:

a. Is located in this state.

b. Is at least fifty-one percent owned by one or more of any combination of the following:

(1) A resident of this state.

(2) Any of the following as defined in [section 9H.1](#):

(a) An authorized farm corporation.

(b) An authorized limited liability company.

(c) An authorized trust.

(d) A family farm corporation.

(e) A family farm limited liability company.

(f) A family trust.

(g) A revocable trust.

(h) A testamentary trust.

(3) A small business as defined in [section 15.102](#).

(4) An electric cooperative association organized pursuant to [chapter 499](#) that sells electricity to end users located in this state, a municipally owned city utility as defined in [section 362.2](#), or a public utility subject to rate regulation pursuant to [chapter 476](#).

(5) An electric cooperative association that has one or more members organized pursuant to [chapter 499](#).

(6) A cooperative corporation organized pursuant to [chapter 497](#) or a limited liability company organized pursuant to [chapter 489](#) whose shares and membership are held by an entity that is not prohibited from owning agricultural land under [chapter 9H](#).

(7) A school district located in this state.

c. Has at least one owner that meets the requirements of paragraph “b” for each two and one-half megawatts of nameplate generating capacity or the energy production capacity equivalent for hydrogen fuel or heat for a commercial purpose of the otherwise eligible renewable energy facility.

d. Was initially placed into service on or after July 1, 2005, and before January 1, 2018.

e. For applications filed on or after July 1, 2011, is a facility of not less than three-fourths

megawatts of nameplate generating capacity or the energy production capacity equivalent if all or a portion of the renewable energy produced is for on-site consumption by the producer.

f. For applications filed on or after July 1, 2011, except for wind energy conversion facilities, is a facility of no greater than sixty megawatts of nameplate generating capacity or the energy production capacity equivalent.

7. “*Energy production capacity equivalent*” means the amount of energy in a standard cubic foot of hydrogen gas or the number of British thermal units that are equal to the energy in a kilowatt-hour of electricity. For the purposes of [this chapter](#), one kilowatt-hour shall be deemed equivalent to three thousand three hundred thirty-three British thermal units of heat or ten and forty-five one hundredths of standard cubic feet of hydrogen gas.

8. “*Heat for a commercial purpose*” means the heat in British thermal unit equivalents from refuse-derived fuel, methane, or other biogas produced in this state either for commercial use by a producer for on-site consumption or sold to a purchaser of renewable energy for use for a commercial purpose in this state or for use by an institution in this state.

9. “*Hydrogen fuel*” means hydrogen produced in this state from a renewable source that is used in a fuel cell or hydrogen-powered internal combustion engine.

10. “*Methane gas recovery facility*” means a facility in this state which is used in connection with a sanitary landfill or which uses wastes that would otherwise be deposited in a sanitary landfill, that collects methane gas or other gases and converts the gas into energy to generate electricity, hydrogen fuel, or heat for a commercial purpose.

11. “*Producer of renewable energy*” means a person who owns an eligible renewable energy facility.

12. “*Purchaser of renewable energy*” means a person who buys electric energy, hydrogen fuel, methane gas or other biogas used to generate electricity, or heat for a commercial purpose from an eligible renewable energy facility.

13. “*Refuse conversion facility*” means a facility in this state that converts solid waste into fuel that can be burned to generate heat for a commercial purpose in this state.

14. “*Solar energy conversion facility*” means a solar energy facility in this state that collects and converts incident solar radiation into energy to generate electricity.

15. “*Wind energy conversion facility*” means a wind energy conversion system in this state that collects and converts wind into energy to generate electricity.

2005 Acts, ch 160, §7, 14; 2006 Acts, ch 1135, §5 – 8, 12; 2008 Acts, ch 1162, §136, 154, 155; 2011 Acts, ch 115, §3 – 5; 2011 Acts, ch 118, §33, 89; 2014 Acts, ch 1122, §1; 2015 Acts, ch 124, §5, 9, 10; 2016 Acts, ch 1128, §10, 16, 21

Referred to in §476C.3

2016 amendment to subsection 6, paragraph d, takes effect May 27, 2016, and applies retroactively to January 1, 2016, for tax years beginning on or after that date; 2016 Acts, ch 1128, §16, 21

#### 476C.2 Tax credit amount — limitations.

1. A producer or purchaser of renewable energy may receive renewable energy tax credits under [this chapter](#) in an amount equal to one and one-half cents per kilowatt-hour of electricity, or four dollars and fifty cents per million British thermal units of heat for a commercial purpose, or four dollars and fifty cents per million British thermal units of methane gas or other biogas used to generate electricity, or one dollar and forty-four cents per one thousand standard cubic feet of hydrogen fuel generated by and purchased from an eligible renewable energy facility or used for on-site consumption by the producer.

2. The renewable energy tax credit shall not be allowed for any kilowatt-hour of electricity, British thermal unit of heat for a commercial purpose, British thermal unit of methane gas or other biogas used to generate electricity, or standard cubic foot of hydrogen fuel that is purchased from an eligible renewable energy facility by a related person. For purposes of [this subsection](#), persons shall be treated as related to each other if either person owns an eighty percent or more equity interest in the other person.

3. A taxpayer who is eligible to claim a renewable energy tax credit under [this chapter](#) shall not be eligible to claim a solar energy system tax credit under [section 422.11L](#) or [422.33](#).

2005 Acts, ch 160, §8, 14; 2011 Acts, ch 115, §6; 2012 Acts, ch 1121, §9 – 11

### 476C.3 Determination of eligibility.

1. A producer or purchaser of renewable energy may apply to the board for a written determination regarding whether a facility is an eligible renewable energy facility by submitting to the board a written application containing all of the following:

a. Information regarding the ownership of the facility including the percentage of equity interest held by each owner.

b. The nameplate generating capacity of the facility or energy production capacity equivalent.

c. Information regarding the facility's initial placement in service.

d. Information regarding the type of facility and what type of renewable energy the facility will produce.

e. Except when the renewable energy is produced for on-site consumption by the producer, a copy of the power purchase agreement or other agreement to purchase electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose which shall designate either the producer or purchaser of renewable energy as eligible to apply for the renewable energy tax credit.

f. Any other information the board may require.

2. The board shall review the application and supporting information and shall make a preliminary determination regarding whether the facility is an eligible renewable energy facility. The board shall notify the applicant of the approval or denial of the application within thirty days of receipt of the application and information required. If the board fails to notify the applicant of the approval or denial within thirty days, the application shall be deemed denied unless the application is placed on a waiting list as described in [subsection 6](#). An applicant who receives a determination denying an application may file an appeal with the board within thirty days from the date of the denial pursuant to the provisions of [chapter 17A](#). In the absence of a timely appeal, the preliminary determination shall be final. If the application is incomplete, the board may grant an extension of time for the provision of additional information.

3. a. A facility that is not operational within thirty months after issuance of an approval for the facility by the board shall cease to be an eligible renewable energy facility. However, a wind energy conversion facility that is approved as eligible under [this section](#) but is not operational within eighteen months due to the unavailability of necessary equipment shall be granted an additional twenty-four months to become operational.

b. A facility which notifies the board prior to the expiration of the time periods specified in paragraph "a" that the facility intends to become operational and wishes to preserve its eligibility shall be granted a twelve-month extension. An extension may be renewed for succeeding twelve-month periods if the board is notified prior to the expiration of the extension of the continued intention to become operational during the succeeding period of extension.

c. If the owner of a facility discontinues efforts to achieve operational status, the owner shall notify the board. Upon receipt of such notification, the board shall no longer consider the facility as an eligible renewable energy facility under [this chapter](#).

d. A facility that is granted and thereafter loses approval may reapply to the board for a new determination.

4. a. The maximum amount of nameplate generating capacity of all wind energy conversion facilities the board may find eligible under [this chapter](#) shall not exceed three hundred sixty-three megawatts of nameplate generating capacity.

b. The maximum amount of energy production capacity equivalent of all other facilities the board may find eligible under [this chapter](#) shall not exceed a combined output of sixty-three megawatts of nameplate generating capacity and, annually, one hundred sixty-seven billion British thermal units of heat for a commercial purpose.

(1) Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under [this chapter](#), no more than ten megawatts of nameplate generating capacity or energy production capacity equivalent shall be allocated to any one facility.

(2) Of the maximum amount of energy production capacity equivalent of all other

facilities found eligible under [this chapter](#), fifty-five billion British thermal units of heat for a commercial purpose shall be reserved annually for an eligible facility that is a refuse conversion facility for processed, engineered fuel from a multicounty solid waste management planning area. The maximum amount of energy production capacity the board may find eligible for a single refuse conversion facility is, annually, fifty-five billion British thermal units of heat for a commercial purpose.

(3) (a) Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under [this chapter](#), ten megawatts of nameplate generating capacity or energy production equivalent shall be reserved for solar energy conversion facilities that meet all of the following requirements:

- (i) The facility has a generating capacity of one and one-half megawatts or less.
- (ii) The facility is owned, in whole or in part, directly or indirectly, or is contracted for, by utilities described in [section 476C.1, subsection 6](#), paragraph “b”, subparagraphs (4) and (5).
- (iii) The facility is located in this state.
- (iv) The facility meets the requirements of [section 476C.1, subsection 6](#), paragraphs “d” through “f”.

(b) A solar energy conversion facility that meets the requirements of and is found eligible under subparagraph division (a) shall be considered an “*eligible renewable energy facility*” for purposes of [this chapter](#), notwithstanding any contrary provisions of [section 476C.1, subsection 6](#).

5. *a.* Notwithstanding the definition of “*eligible renewable energy facility*” in [section 476C.1, subsection 6](#), unnumbered paragraph 1, of the maximum amount of energy production capacity equivalent of all other facilities found eligible pursuant to [subsection 4](#), paragraph “b”, an amount equivalent to ten megawatts of nameplate generating capacity shall be reserved for natural gas, methane and landfill gas, or biogas cogeneration facilities incorporated within or associated with an ethanol plant to assist the ethanol plant in meeting a low carbon fuel standard. Thermal heat generated by the cogeneration facility and used for a commercial purpose may be counted toward satisfying the ten megawatt reservation requirement.

*b.* A facility that has been granted eligibility pursuant to paragraph “a” for a natural gas cogeneration facility incorporated within or associated with an ethanol plant prior to July 1, 2014, shall not be required to submit a new application if the facility constructs or utilizes methane and landfill gas or biogas cogeneration facilities on or after that date and does not make any other significant changes to the facility or to its status as an eligible facility under paragraph “a”.

6. The board shall maintain a waiting list of facilities that may have been found eligible under [this section](#) but for the maximum capacity restrictions of [subsection 4](#). The priority of the waiting list shall be maintained in the order the applications were received by the board. The board shall remove from the waiting list any facility that has subsequently been found ineligible under [this chapter](#). If additional capacity becomes available within the capacity restrictions of [subsection 4](#), the board shall grant approval to facilities according to the priority of the waiting list before granting approval to new applications. An owner of a facility on the waiting list shall provide the board each year by August 31 with a sworn statement of verification stating that the information contained in the application for eligibility remains true and correct or stating that the information has changed and providing the new information.

7. *a.* An owner meeting the requirements of [section 476C.1, subsection 6](#), paragraph “b”, shall not be an owner of more than two eligible renewable energy facilities. A person that has an equity interest equal to or greater than fifty-one percent in an eligible renewable energy facility shall not have an equity interest greater than ten percent in any other eligible renewable energy facility. This paragraph “a” shall not apply to facilities described in [subsection 4](#), paragraph “b”, subparagraph (3).

*b.* An entity described in [section 476C.1, subsection 6](#), paragraph “b”, subparagraphs (4)

or (5), shall not have an ownership interest in more than four facilities described in [subsection 4, paragraph “b”, subparagraph \(3\)](#).

2005 Acts, ch 160, §9, 14; 2006 Acts, ch 1135, §9, 12, 13; 2006 Acts, ch 1171, §8, 9; 2009 Acts, ch 80, §5, 6; 2011 Acts, ch 115, §7 – 9; 2011 Acts, ch 118, §34, 89; 2012 Acts, ch 1138, §32, 33; 2014 Acts, ch 1122, §2; 2015 Acts, ch 124, §6, 9, 10; 2016 Acts, ch 1128, §11, 12, 16, 22, 23

Referred to in [§476C.4](#)

2016 amendments to subsection 4, paragraph b, subparagraph (3), and subsection 7 take effect May 27, 2016, and apply retroactively to January 1, 2015, for tax years beginning on or after that date, and apply retroactively to applications for the renewable energy tax credit made on or after June 26, 2015; 2016 Acts, ch 1128, §16, 22, 23

#### **476C.4 Tax credit certificate procedure.**

1. A producer or purchaser of renewable energy may apply to the board for the renewable energy tax credit by submitting to the board all of the following:

- a. A completed application in a form prescribed by the board.
- b. A copy of the determination granting approval of the facility as an eligible renewable energy facility by the board.
- c. A copy of a signed power purchase agreement or other agreement to purchase electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose from an eligible renewable energy facility which shall designate either the producer or purchaser of renewable energy as eligible to apply for the renewable energy tax credit.
- d. Sufficient documentation that the electricity, heat for a commercial purpose, methane gas or other biogas, or hydrogen fuel has been generated by the eligible renewable energy facility and sold to the purchaser of renewable energy.
- e. To the extent the produced electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose is used for on-site consumption, the requirements of paragraphs “c” and “d” shall not be applicable. For such renewable energy production, the owner must submit a certification under penalty of perjury that the claimed amount of electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose was produced by the eligible facility and consumed by the owner.
- f. Any other information the board deems necessary.

2. The board shall notify the department of the amount of kilowatt-hours, British thermal units of heat for a commercial purpose, British thermal units of methane gas or other biogas used to generate electricity, or standard cubic feet of hydrogen fuel generated and purchased from an eligible renewable energy facility or generated and used by the producer for on-site consumption. The department shall calculate the amount of the tax credit for which the applicant is eligible and shall issue the tax credit certificate for that amount or notify the applicant in writing of its refusal to do so. An applicant whose application is denied may file an appeal with the department within sixty days from the date of the denial pursuant to the provisions of [chapter 17A](#).

3. Each tax credit certificate shall contain the person’s name, address, and tax identification number, the amount of tax credits, the first taxable year the certificate may be used, the type of tax to which the tax credits shall be applied, and any other information required by the department. The tax credit certificate shall only list one type of tax to which the amount of the tax credit may be applied. Once issued by the department, the tax credit certificate shall not be terminated or rescinded.

4. A tax credit certificate may be filed pursuant to any of the following, to the extent applicable:

- a. If the tax credit application is filed by a partnership, limited liability company, S corporation, estate, trust, or other reporting entity all of the income of which is taxed directly to its equity holders or beneficiaries, for the taxes imposed under [chapter 422, subchapter II or III](#), the tax credit certificate shall be issued directly to equity holders or beneficiaries of the applicant in proportion to their pro rata share of the income of such entity. The applicant shall, in the application made under [this section](#), identify its equity holders or beneficiaries, and the percentage of such entity’s income that is allocable to each equity holder or beneficiary.

- b. (1) If the tax credit applicant under [this section](#) is eligible to receive renewable

electricity production credits authorized under section 45 of the Internal Revenue Code, as amended, and the tax credit applicant is a partnership, limited liability company, S corporation, estate, trust, or other reporting entity all of the income of which is taxed directly to its equity holders or beneficiaries, for the taxes imposed under [chapter 422, subchapter II or III](#), the tax credit certificate may be issued to a partner if the business is a partnership, a shareholder if the business is an S corporation, or a member if the business is a limited liability company in the amounts designated by the eligible partnership, S corporation, or limited liability company. In absence of such designation, the credits under [this section](#) shall flow through to the partners, shareholders, or members in accordance with their pro rata share of the income of the entity.

(2) The applicant shall, in the application made under [this section](#), identify the equity holders or beneficiaries that are to receive the tax credit certificates and the percentage of the tax credit that is allocable to each equity holder or beneficiary.

c. (1) If an applicant under [this section](#) is eligible to receive renewable electricity production credits authorized under section 45 of the Internal Revenue Code, as amended, and the tax credit applicant is a partnership, limited liability company, S corporation, estate, trust, or other reporting entity all of the income of which is taxed directly to its equity holders or beneficiaries, for the taxes imposed under [chapter 422, subchapter II or III](#), the tax credit certificates and all future rights to the tax credit in [this section](#) may be distributed to an equity holder or beneficiary as a liquidating distribution or portion thereof, of a holder or beneficiary's interest in the applicant entity.

(2) The applicant shall, in the application made under [this section](#), designate the percentage of the tax credit allocable to the liquidating equity holder or beneficiary that is to receive the current and future tax credit certificates under [this section](#).

d. If the tax credit application is filed by a partnership, limited liability company, S corporation, estate, trust, or other reporting entity, all of the income of which is taxed directly to its equity holders or beneficiaries for the taxes imposed under [chapter 422, subchapter V](#), or under [chapter 423, 432, or 437A](#), the tax credit certificate shall be issued directly to the partnership, limited liability company, S corporation, estate, trust, or other reporting entity.

5. The department shall not issue a tax credit certificate if the facility approved by the board as an eligible renewable energy facility is not operational within eighteen months after the approval is issued, subject to the extension provisions of [section 476C.3, subsection 3](#).

6. The department shall not issue a tax credit certificate to any person who has received a tax credit pursuant to [chapter 476B](#).

7. Once a tax credit certificate is issued pursuant to [this section](#), the tax credit may only be claimed against the type of tax reflected on the certificate.

[2005 Acts, ch 160, §10, 14; 2006 Acts, ch 1135, §10, 12; 2011 Acts, ch 25, §143; 2011 Acts, ch 115, §10, 11; 2012 Acts, ch 1021, §92; 2016 Acts, ch 1011, §86; 2020 Acts, ch 1062, §94](#)

Referred to in [§476C.6](#)

Code editor directive applied

#### **476C.5 Certificate issuance period.**

A producer or purchaser of renewable energy shall receive renewable energy tax credit certificates for a ten-year period for each eligible renewable energy facility under [this chapter](#). The ten-year period for issuance of the tax credit certificates begins with the date the purchaser of renewable energy first purchases electricity, hydrogen fuel, methane gas or other biogas used to generate electricity, or heat for commercial purposes from the eligible renewable energy facility for which a tax credit is issued under [this chapter](#), or the date the producer of the renewable energy first uses the energy produced by the eligible renewable energy facility for on-site consumption. Renewable energy tax credit certificates shall not be issued for renewable energy purchased or produced for on-site consumption after December 31, 2027.

[2005 Acts, ch 160, §11, 14; 2006 Acts, ch 1135, §11, 12; 2011 Acts, ch 115, §12; 2014 Acts, ch 1122, §3; 2015 Acts, ch 124, §7, 9, 10; 2016 Acts, ch 1128, §13, 16, 21](#)

2016 amendment takes effect May 27, 2016, and applies retroactively to January 1, 2016, for tax years beginning on or after that date; [2016 Acts, ch 1128, §16, 21](#)

**476C.6 Transferability and use of tax credit certificates — registration.**

1. *a.* Renewable energy tax credit certificates issued under [this chapter](#) may be transferred to any person. A tax credit certificate shall only be transferred once. However, for purposes of this transfer provision, a decision between a producer and purchaser of renewable energy regarding who claims the tax credit issued pursuant to [this chapter](#) shall not be considered a transfer and must be set forth in the application for the tax credit pursuant to [section 476C.4](#). Within thirty days of transfer, the transferee must submit the transferred tax credit certificate to the department along with a statement containing the transferee's name, tax identification number, and address, and the denomination that each new certificate is to carry and any other information required by the department. Within thirty days of receiving the transferred tax credit certificate and the transferee's statement, the department shall issue one or more replacement tax credit certificates to the transferee. Each replacement tax credit certificate must contain the information required under [section 476C.4, subsection 3](#), and must have the same effective taxable year and the same expiration date that appeared in the transferred tax credit certificate. Tax credit certificate amounts of less than the minimum amount established by rule shall not be transferable. A tax credit shall not be claimed by a transferee under [this chapter](#) until a replacement tax credit certificate identifying the transferee as the proper holder has been issued. The replacement tax credit certificate may reflect a different type of tax than the type of tax noted on the original tax credit certificate.

*b.* The transferee may use the amount of the tax credit transferred against taxes imposed under [chapter 422, subchapters II, III, and V](#), and [chapter 432](#) for any tax year the original transferor could have claimed the tax credit. The transferee may claim a refund under [chapter 423](#) or [437A](#) for any tax year within the time period set forth in [section 423.47](#) or [437A.14](#) for which the original transferor could have claimed the refund. Any consideration received for the transfer of the tax credit shall not be included as income under [chapter 422, subchapters II, III, and V](#). Any consideration paid for the transfer of the tax credit shall not be deducted from income under [chapter 422, subchapters II, III, and V](#).

2. To claim a renewable energy tax credit under [this chapter](#), a taxpayer must include one or more tax credit certificates with the taxpayer's tax return, or if used against taxes imposed under [chapter 423](#), the taxpayer shall comply with [section 423.4, subsection 4](#), or if used against taxes imposed under [chapter 437A](#), the taxpayer shall comply with [section 437A.17B](#). A tax credit certificate shall not be used or included with a return filed for a taxable year beginning prior to July 1, 2006. The tax credit certificate or certificates included with the taxpayer's tax return shall be issued in the taxpayer's name, expire on or after the last day of the taxable year for which the taxpayer is claiming the tax credit, and show a tax credit amount equal to or greater than the tax credit claimed on the taxpayer's tax return. Any tax credit in excess of the taxpayer's tax liability for the taxable year may be credited to the taxpayer's tax liability for the following seven tax years or until the credit is depleted, whichever is earlier. If the tax credit is applied against the taxes imposed under [chapter 423](#) or [437A](#), any credit in excess of the taxpayer's tax liability is carried over and can be filed with the refund claim for the following seven tax years or until depleted, whichever is earlier. However, the certificate shall not be used to reduce tax liability for a tax period ending after the expiration date of the certificate.

3. The department shall develop a system for the registration of the renewable energy tax credit certificates issued or transferred under [this chapter](#) and a system that permits verification that any tax credit claimed on a tax return is valid and that transfers of the tax credit certificates are made in accordance with the requirements of [this chapter](#). The tax credit certificates issued under [this chapter](#) shall not be classified as a security pursuant to [chapter 502](#).

2005 Acts, ch 160, §12, 14; 2011 Acts, ch 25, §143; 2014 Acts, ch 1093, §18; 2020 Acts, ch 1062, §94

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**476C.7 Rules.**

The department and the board may adopt rules pursuant to [chapter 17A](#) for the administration and enforcement of [this chapter](#).

[2005 Acts, ch 160, §13, 14](#)