



## HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 2556	House Committee:	<b>PASSED</b> on 3/8/22 (25-0)
Committee:	Ways and Means	House Floor:	
Floor Manager:	Rep. Bloomingdale	Senate Floor:	
Date:	March 30, 2022	Governor:	
Staff:	Kristi Kious (2-5290)		

### Solar Energy System Tax Credit

- This bill addresses the waiting list for the solar energy system tax credit that existed after the credit ended on December 31, 2021.
- **Fiscal Note** – The redemption of Solar Energy System Tax Credits that are assumed to be issued under the provisions of the Bill are projected to reduce individual income tax liability and General Fund revenue by the following amounts:
  - FY 2023 — \$2.5 million
  - FY 2024 — \$1.1 million
  - FY 2025 — \$0.5 million
  - FY 2026 through FY 2030 — \$0.3 million each fiscal yearThere is no projected fiscal impact beyond FY 2030.

### Section by Section Analysis

#### Sections 1 and 2 – Solar energy system tax credits (422.11L)

These sections provide that certain taxpayers applying for a solar tax credit can have an extended deadline to apply to the Department of Revenue. The current deadline is May 1 of the year following the installation, these sections change that deadline to June 30. These sections also remove the annual program cap of \$5.0 million for certain applicants.

#### Section 3 – Solar energy system tax credits (422.11L)

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

The following residential solar energy system tax credit applicants are eligible to claim the solar energy system tax credit for the 2022 tax year as if the residential solar energy system tax credit did not expire:

- applicant who was on the wait list as of December 31, 2021, and who did not receive the credit

- applicant whose application went through the review process and who otherwise had a valid application but was nevertheless sent a denial letter by the department of revenue for the 2021 award year regardless of whether or not the applicant appealed the denial letter
- applicant whose application was in the review process of the department of revenue but whose application expired due to the expiration of the credit
- applicant who has not submitted an application for an installation that was completed during the 2021 calendar year

Section 4 – Effective date

This section provides that the bill is effective upon enactment.

Section 5 – Applicability

This section provides that the bill applies to tax credit awards issued on or after January 1, 2022 and before January 1, 2023.

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