



BILL SUMMARY

HF 2452 Geothermal Tax Credit

Status of Bill: Committee
Committee: Ways & Means (24-0)
Lead Democrats: Rep. Kelley
Floor Manager: Rep. Pettengill
Research Analyst: Bill Freeland 515-281-6311
bill.freeland@legis.iowa.gov

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Background

In 2012, the legislature created an income tax credit for persons who install a geothermal heat pump on their residential property. The state credit is equal to 20% of the federal residential energy efficiency tax credit. The federal credit is equal to 30% of qualified installation expenditures. Effectively, then, the current state credit equals 6% of the installation costs. The current state tax credit is nonrefundable, but unused credits can be carried forward.

The federal credit is set to expire this year.

Summary

Creates a new Geothermal Tax Credit in the Iowa income tax code. The credit will allow up to 10% of the a qualified geothermal heat pump installation cost in a residence to be taken as a tax credit. If a qualified geothermal heat pump is installed in a coop or condominium, a taxpayer may receive a credit for the taxpayer's proportionate share of installation cost. The credit is nonrefundable but can be carried forward for 10 years. A taxpayer that claims this credit may not claim the credit based off of the federal credit available in the Iowa Code at 422.111. The credit becomes available starting in Tax Year 2017.

Fiscal Analysis

The fiscal impact annually is:

- FY 2018 = \$1.5 million
- FY 2019 = \$2.0 million
- FY 2020 = \$2.1 million
- FY 2021 = \$2.3 million
- FY 2022 = \$2.5 million
- FY 2023 and future years = \$2.6 million