

during the taxable year is eligible for a credit against the tax due under this chapter equal to the lesser of the applicable percentage of the solar energy system's purchase and installation costs or the maximum allowable credit.

(b) For solar energy systems first placed into service:

(1) after December 31, 2016, and before January 1, 2020, the applicable percentage is 15 percent;

(2) after December 31, 2019, and before January 1, 2021, the applicable percentage is 13 percent; and

(3) after December 31, 2020, and before January 1, 2023, the applicable percentage is 11 percent.

(c) The maximum allowable credit is \$5,000 for solar energy systems installed on the site of a taxpayer's homestead, and \$20,000 for solar energy systems installed on each business property.

(d) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (a).

(e) If the amount of the credit under this section for any taxable year exceeds the tax due under this chapter, the excess is a credit carryover to each of the ten succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried. The amount of the unused credit that may be added under this paragraph may not exceed the taxpayer's liability for tax, less the credit for the taxable year.

(f) Credits granted to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents or any other executed agreement, as of the last day of the taxable year.

(g) A taxpayer receiving electric service at retail from a cooperative electric association is eligible to receive a tax credit under this section only if the cooperative electric association is subject to section 216B.164, subdivision 3, paragraph (a).

Subd. 3. **Application.** (a) A taxpayer must apply for the credit in a form and manner prescribed by the commissioner. The application for 2017 must be made available on the department's Web site by August 1, 2017. Applications for subsequent years must be made

3.1 available on the department's Web site by November 1 of the preceding year. An individual
3.2 cannot file an application until the solar energy system has been installed. A business cannot
3.3 file an application until the solar energy system has been placed in service.

3.4 (b) A taxpayer may apply separately to receive a credit for solar energy systems installed
3.5 on the taxpayer's homestead and on business property owned by the taxpayer.

3.6 (c) A taxpayer may apply separately to receive a credit for solar energy systems installed
3.7 on multiple business properties owned by the taxpayer.

3.8 Subd. 4. **Certificates; limitations.** (a) The commissioner shall issue credit certificates
3.9 on a first-come, first-served basis to taxpayers who submit applications that meet the
3.10 requirements of this section.

3.11 (b) The commissioner may not issue more than \$5,000,000 in credit for any taxable
3.12 year, at least \$2,500,000 of which is reserved for the installation of solar energy systems
3.13 on the site of taxpayers' homesteads.

3.14 (c) If any portion of a taxable year's credits is not allocated by September 30 of the
3.15 taxable year, the remaining amount is available beginning on October 1 for all claims for
3.16 installations of solar energy systems.

3.17 (d) Any amount of a taxable year's credits not allocated by December 31 of the taxable
3.18 year is available for the following taxable year in addition to the amount available under
3.19 paragraph (a).

3.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.21 31, 2016.