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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2926

03/10/2016 Authored by Hortman, Mullery, Simonson, Youakim, Dehn, R., and others

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to taxation; individual income; providing a refundable credit for
1.3 investments in energy efficient home improvements, electric vehicles, and
1.4 renewable energy; appropriating money; proposing coding for new law in
1.5 Minnesota Statutes, chapter 290.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. [290.0682] CLIMATE ACTION TAX CREDIT.

1.8 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms
1.9 have the meanings given.

1.10 (b) "Adjusted gross income" has the meaning given in section 61 of the Internal
1.11 Revenue Code.

1.12 (c) "Climate action expenditure" means the sum of the following during the taxable
1.13 year:

1.14 (1) community solar garden investments;

1.15 (2) community wind energy investments;

1.16 (3) new qualified plug-in electric drive motor vehicle investments;

1.17 (4) qualified energy efficiency improvements;

1.18 (5) qualified fuel cell property expenditures;

1.19 (6) qualified geothermal heat pump property expenditures;

1.20 (7) qualified small wind energy property expenditures;

1.21 (8) qualified solar electric property expenditures;

1.22 (9) qualified solar water heating property expenditures; and

1.23 (10) residential energy property expenditures.

2.1 (d) "Community solar garden investment" means the subscription amount for the
2.2 purchase of electricity generated by a community solar garden program that qualifies
2.3 under section 216B.1641.

2.4 (e) "Community wind energy investment" means:

2.5 (1) the amount of ownership interest purchased, not including amounts from loans
2.6 obtained through the rural wind energy development revolving loan fund under section
2.7 216C.39, in a developing community wind energy project that meets the specifications
2.8 of section 216B.1612, subdivision 2, paragraph (h); and

2.9 (2) the amount of principal and interest paid on loans obtained through the rural
2.10 wind energy development revolving loan fund under section 216C.39, in a developing
2.11 community wind energy project that meets the specifications of section 216B.1612,
2.12 subdivision 2, paragraph (h).

2.13 (f) "New qualified plug-in electric drive motor vehicle" has the meaning given in
2.14 section 30D of the Internal Revenue Code.

2.15 (g) "New qualified plug-in electric drive motor vehicle investment" means the
2.16 amount of the purchase of a new qualified plug-in electric drive motor vehicle.

2.17 (h) "Qualified energy efficiency improvement" has the meaning given in section
2.18 25C of the Internal Revenue Code.

2.19 (i) "Qualified fuel cell property expenditure" has the meaning given in section 25D
2.20 of the Internal Revenue Code.

2.21 (j) "Qualified geothermal heat pump property expenditure" has the meaning given in
2.22 section 25D of the Internal Revenue Code.

2.23 (k) "Qualified small wind energy property expenditure" has the meaning given in
2.24 section 25D of the Internal Revenue Code.

2.25 (l) "Qualified solar electric property expenditure" has the meaning given in section
2.26 25D of the Internal Revenue Code.

2.27 (m) "Qualified solar water heating property expenditure" has the meaning given in
2.28 section 25D of the Internal Revenue Code.

2.29 (n) "Residential energy property expenditure" has the meaning given in section
2.30 25C of the Internal Revenue Code.

2.31 Subd. 2. **Credit allowed; limitations.** (a) An individual is allowed a credit against
2.32 the tax computed under this chapter for the taxable year equal to one-half of the amount of
2.33 the individual's climate action expenditure, but not to exceed \$1,000.

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

3.1 (c) If an amount expended by a taxpayer is applied to one qualified expenditure or
3.2 investment listed in subdivision 1, paragraphs (d) to (n), that amount may not be applied
3.3 to a different qualified expenditure or investment listed in subdivision 1, paragraphs (d)
3.4 to (n). A taxpayer may claim any or all qualified expenditures or investments listed in
3.5 subdivision 1, paragraphs (d) to (n).

3.6 Subd. 3. **Credit to be refundable.** If the amount of credit which a taxpayer who
3.7 is a resident or part-year resident of Minnesota is eligible to receive under this section
3.8 exceeds the taxpayer's tax liability under this chapter, the commissioner shall refund the
3.9 excess to the taxpayer. For nonresident taxpayers, the credit may not exceed the taxpayer's
3.10 liability for tax under this chapter.

3.11 Subd. 4. **Phaseout.** For married couples filing joint returns, the maximum credit is
3.12 reduced by \$1 for every \$30 of adjusted gross income in excess of \$130,000. For all other
3.13 filers, the maximum credit is reduced by \$1 for every \$15 of adjusted gross income in
3.14 excess of \$65,000. In no case is the maximum credit less than zero.

3.15 Subd. 5. **Inflation adjustment.** The adjusted gross income amounts used to
3.16 calculate the thresholds at which the maximum credit begins to be reduced in subdivision
3.17 4 must be adjusted for inflation. The commissioner shall adjust the amounts by the
3.18 percentage determined under section 1(f) of the Internal Revenue Code, except that in
3.19 section 1(f)(3)(B) the word "2015" shall be substituted for the word "1992." For 2017,
3.20 the commissioner shall then determine the percent change from the 12 months ending on
3.21 August 31, 2015, to the 12 months ending on August 31, 2016, and in each subsequent
3.22 year, from the 12 months ending on August 31, 2015, to the 12 months ending on August
3.23 31 of the year preceding the taxable year. The earned income thresholds as adjusted for
3.24 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount
3.25 is rounded up to the nearest \$10 amount.

3.26 Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this
3.27 section is appropriated to the commissioner from the general fund.

3.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
3.29 December 31, 2015.