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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **917**

02/09/2017 Authored by Kiel, Gruenhagen and Fabian

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

03/08/2018 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; providing a temporary refundable credit
1.3 for residential biomass heating systems; requiring a report.

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

1.5 Section 1. **PILOT PROGRAM; RESIDENTIAL BIOMASS HEATING SYSTEM**
1.6 **TAX CREDIT.**

1.7 **Subdivision 1. Credit allowed; limitations. (a) An individual who purchases and installs**
1.8 **a residential biomass heating system during the taxable year is allowed a credit against the**
1.9 **tax computed under Minnesota Statutes, chapter 290, for the taxable year equal to the lesser**
1.10 **of:**

1.11 **(1) 33 percent of the purchase price of the residential biomass heating system; or**

1.12 **(2) \$5,000.**

1.13 **(b) For the purposes of this section, "residential biomass heating system" means:**

1.14 **(1) a pellet stove or wood heater, as defined in Code of Federal Regulations, title 40,**
1.15 **section 60.531; or**

1.16 **(2) a residential forced-air furnace or residential hydronic heater, as defined in Code of**
1.17 **Federal Regulations, title 40, section 60.5473.**

1.18 **(c) For a nonresident or a part-year resident, the credit must be allocated based on the**
1.19 **percentage calculated under Minnesota Statutes, section 290.06, subdivision 2c, paragraph**

1.20 **(e).**

2.1 (d) No credit may be allowed under this section for a residential biomass heating system
2.2 that is not certified by the federal Environmental Protection Agency as meeting the 2015
2.3 New Source Performance Standards for air emissions for these heating systems, contained
2.4 in Code of Federal Regulations, title 40, part 60, subparts AAA and QQQQ, as applicable.

2.5 Subd. 2. **Credit to be refundable.** If the amount of credit that a taxpayer who is a resident
2.6 or part-year resident of Minnesota is eligible to receive under this section exceeds the
2.7 taxpayer's tax liability under Minnesota Statutes, chapter 290, the commissioner shall refund
2.8 the excess to the taxpayer. For nonresident taxpayers, the credit may not exceed the taxpayer's
2.9 liability for tax under Minnesota Statutes, chapter 290.

2.10 Subd. 3. **Appropriation.** An amount sufficient to pay the refunds required by this section
2.11 is appropriated to the commissioner of revenue from the general fund.

2.12 Subd. 4. **Report.** By January 15, 2021, the commissioner of revenue, in compliance
2.13 with Minnesota Statutes, sections 3.195 and 3.197, must provide a report to the chairs and
2.14 ranking minority members of the house of representatives and senate legislative committees
2.15 with jurisdiction over taxes and energy on:

2.16 (1) the number of taxpayers claiming the credit under this section in the first year;

2.17 (2) the average amount of credits claimed and the total amount of credits claimed under
2.18 this section in the first year;

2.19 (3) recommendations for making the credit under this section permanent; and

2.20 (4) the administration of the credit under this section, including recommendations for
2.21 ensuring compliance.

2.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.23 31, 2018, and before January 1, 2024.