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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3878

04/11/2016 Authored by Anderson, P., and Hamilton

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; income and corporate franchise; providing a credit for
1.3 combined heat and power systems; proposing coding for new law in Minnesota
1.4 Statutes, chapter 290.

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

1.6 Section 1. **[290.0682] COMBINED HEAT AND POWER SYSTEM CREDIT.**

1.7 Subdivision 1. Credit allowed; limitation; definition. (a) A taxpayer is allowed a
1.8 credit against the tax imposed under this chapter equal to 50 percent of the total installed
1.9 cost of an eligible combined heat and power system, but the credit may not exceed the
1.10 taxpayer's liability for tax for the taxable year.

1.11 (b) For the purposes of this section, "eligible combined heat and power system"
1.12 means a system that:

1.13 (1) meets the requirements of combined heat and power system property as defined
1.14 in the Internal Revenue Code, section 48(c)(3)(A)(i) and (ii);

1.15 (2) has a nameplate output of no less than one megawatt and no more than 26
1.16 megawatts;

1.17 (3) is located in Minnesota; and

1.18 (4) is installed after December 31, 2015, and before January 1, 2024.

1.19 (c) Credits claimed by a partnership, a limited liability company taxed as a
1.20 partnership, S corporation, or multiple owners of property are passed through to the
1.21 partners, members, shareholders, or owners, respectively, pro rata to each partner, member,
1.22 shareholder, or owner based on the partner's, member's, shareholder's, or owner's share of
1.23 the entity's assets or as specially allocated in the organizational documents as of the last
1.24 day of the taxable year in which the eligibility statement was issued.

2.1 Subd. 2. **Certification.** A taxpayer claiming the credit under this section must
2.2 certify to the commissioner the installation date, total installed cost, and nameplate output
2.3 of the eligible combined heat and power system.

2.4 Subd. 3. **Carryover.** If the amount of the credit determined under this section for
2.5 any taxable year exceeds the taxpayer's liability for tax under this chapter, the excess
2.6 shall be a credit carryover to each of the ten succeeding taxable years. In no case may
2.7 the credit carryover exceed the taxpayer's liability for tax in any taxable year. The entire
2.8 amount of the excess unused credit for the taxable year shall be carried first to the earliest
2.9 of the taxable years to which the credit may be carried and then to each successive year
2.10 to which the credit may be carried. Taxpayers with credit carryover must certify to the
2.11 commissioner the ongoing operation of the eligible combined heat and power system
2.12 to be eligible to claim a credit carryover.

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