

Tax Incentives Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kay J. Christofferson

Senate Sponsor: Brady Brammer

LONG TITLE

General Description:

This bill modifies and repeals provisions related to income tax incentives.

Highlighted Provisions:

This bill:

- limits the eligibility for claiming the corporate or individual income tax credit for clean energy systems to systems that are placed in service before January 1, 2028; and
- repeals the individual income tax credit for qualifying solar projects and the corporate and individual income tax credits for alternative energy development.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-7-614, as last amended by Laws of Utah 2024, Chapter 53

59-10-1014, as last amended by Laws of Utah 2024, Chapter 53

59-10-1106, as last amended by Laws of Utah 2024, Chapter 53

REPEALS:

59-7-614.7, as last amended by Laws of Utah 2023, Chapter 482

59-10-1024, as last amended by Laws of Utah 2021, Chapter 280

59-10-1029, as last amended by Laws of Utah 2023, Chapter 482

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-7-614** is amended to read:

59-7-614 . Clean energy systems tax credits -- Definitions -- Certification --

Rulemaking authority.

(1) As used in this section:

(a)(i) "Active solar system" means a system of equipment that is capable of:

(A) collecting and converting incident solar radiation into thermal, mechanical, or electrical energy; and

(B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate apparatus to storage or to the point of use.

(ii) "Active solar system" includes water heating, space heating or cooling, and electrical or mechanical energy generation.

(b) "Biomass system" means a system of apparatus and equipment for use in:

(i) converting material into biomass energy, as defined in Section 59-12-102; and

(ii) transporting the biomass energy by separate apparatus to the point of use or storage.

(c) "Clean energy source" means the same as that term is defined in Section 54-17-601.

(d) "Commercial energy system" means a system that is:

(i)(A) an active solar system;

(B) a biomass system;

(C) a direct use geothermal system;

(D) a geothermal electricity system;

(E) a geothermal heat pump system;

(F) a hydroenergy system;

(G) a passive solar system; or

(H) a wind system;

(ii) located in the state; and

(iii) used:

(A) to supply energy to a commercial unit; or

(B) as a commercial enterprise.

(e) "Commercial enterprise" means an entity, the purpose of which is to produce:

(i) electrical, mechanical, or thermal energy for sale from a commercial energy system; or

(ii) hydrogen for sale from a hydrogen production system.

(f)(i) "Commercial unit" means a building or structure that an entity uses to transact business.

(ii) Notwithstanding Subsection (1)(f)(i):

- 63 (A) with respect to an active solar system used for agricultural water pumping or a
64 wind system, each individual energy generating device is considered to be a
65 commercial unit; or
- 66 (B) if an energy system is the building or structure that an entity uses to transact
67 business, a commercial unit is the complete energy system itself.
- 68 (g) "Direct use geothermal system" means a system of apparatus and equipment that
69 enables the direct use of geothermal energy to meet energy needs, including heating a
70 building, an industrial process, and aquaculture.
- 71 (h) "Geothermal electricity" means energy that is:
- 72 (i) contained in heat that continuously flows outward from the earth; and
73 (ii) used as a sole source of energy to produce electricity.
- 74 (i) "Geothermal energy" means energy generated by heat that is contained in the earth.
- 75 (j) "Geothermal heat pump system" means a system of apparatus and equipment that:
- 76 (i) enables the use of thermal properties contained in the earth at temperatures well
77 below 100 degrees Fahrenheit; and
78 (ii) helps meet heating and cooling needs of a structure.
- 79 (k) "Hydroenergy system" means a system of apparatus and equipment that is capable of:
- 80 (i) intercepting and converting kinetic water energy into electrical or mechanical
81 energy; and
82 (ii) transferring this form of energy by separate apparatus to the point of use or
83 storage.
- 84 (l) "Hydrogen production system" means a system of apparatus and equipment, located
85 in this state, that uses:
- 86 (i) electricity from a clean energy source to create hydrogen gas from water,
87 regardless of whether the clean energy source is at a separate facility or the same
88 facility as the system of apparatus and equipment; or
89 (ii) uses renewable natural gas to produce hydrogen gas.
- 90 (m) "Office" means the Office of Energy Development created in Section 79-6-401.
- 91 (n)(i) "Passive solar system" means a direct thermal system that utilizes the structure
92 of a building and the structure's operable components to provide for collection,
93 storage, and distribution of heating or cooling during the appropriate times of the
94 year by utilizing the climate resources available at the site.
- 95 (ii) "Passive solar system" includes those portions and components of a building that
96 are expressly designed and required for the collection, storage, and distribution of

- 97 solar energy.
- 98 (o) "Photovoltaic system" means an active solar system that generates electricity from
99 sunlight.
- 100 (p)(i) "Principal recovery portion" means the portion of a lease payment that
101 constitutes the cost a person incurs in acquiring a commercial energy system.
- 102 (ii) "Principal recovery portion" does not include:
- 103 (A) an interest charge; or
104 (B) a maintenance expense.
- 105 (q) "Residential energy system" means the following used to supply energy to or for a
106 residential unit:
- 107 (i) an active solar system;
108 (ii) a biomass system;
109 (iii) a direct use geothermal system;
110 (iv) a geothermal heat pump system;
111 (v) a hydroenergy system;
112 (vi) a passive solar system; or
113 (vii) a wind system.
- 114 (r)(i) "Residential unit" means a house, condominium, apartment, or similar dwelling
115 unit that:
- 116 (A) is located in the state; and
117 (B) serves as a dwelling for a person, group of persons, or a family.
- 118 (ii) "Residential unit" does not include property subject to a fee under:
- 119 (A) Section 59-2-405;
120 (B) Section 59-2-405.1;
121 (C) Section 59-2-405.2;
122 (D) Section 59-2-405.3; or
123 (E) Section 72-10-110.5.
- 124 (s) "Wind system" means a system of apparatus and equipment that is capable of:
- 125 (i) intercepting and converting wind energy into mechanical or electrical energy; and
126 (ii) transferring these forms of energy by a separate apparatus to the point of use,
127 sale, or storage.
- 128 (2) A taxpayer may claim an energy system tax credit as provided in this section against a
129 tax due under this chapter for ~~[a taxable year]~~ an energy system that is completed and
130 placed in service before January 1, 2028.

- (3)(a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a nonrefundable tax credit under this Subsection (3) with respect to a residential unit the taxpayer owns or uses if:
- (i) the taxpayer:
 - (A) purchases and completes a residential energy system to supply all or part of the energy required for the residential unit; or
 - (B) participates in the financing of a residential energy system to supply all or part of the energy required for the residential unit; and
 - (ii) the taxpayer obtains a written certification from the office in accordance with Subsection (8).
- (b)(i) Subject to Subsections (3)(b)(ii) through (iv) and, as applicable, Subsection (3)(c) or (d), the tax credit is equal to 25% of the reasonable costs of each residential energy system installed with respect to each residential unit the taxpayer owns or uses.
- (ii) A tax credit under this Subsection (3) may include installation costs.
 - (iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year in which the residential energy system is completed and placed in service.
 - (iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax liability under this chapter for a taxable year, the taxpayer may carry forward the amount of the tax credit exceeding the liability for a period that does not exceed the next four taxable years.
- (c) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a residential energy system, other than a photovoltaic system, may not exceed \$2,000 per residential unit.
- (d) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a photovoltaic system may not exceed:
- (i) for a system installed on or after January 1, 2018, but on or before December 31, 2020, \$1,600;
 - (ii) for a system installed on or after January 1, 2021, but on or before December 31, 2021, \$1,200;
 - (iii) for a system installed on or after January 1, 2022, but on or before December 31, 2022, \$800;
 - (iv) for a system installed on or after January 1, 2023, but on or before December 31, 2023, \$400; and

- 165 (v) for a system installed on or after January 1, 2024, \$0.
- 166 (e) If a taxpayer sells a residential unit to another person before the taxpayer claims the
- 167 tax credit under this Subsection (3):
- 168 (i) the taxpayer may assign the tax credit to the other person; and
- 169 (ii)(A) if the other person files a return under this chapter, the other person may
- 170 claim the tax credit under this section as if the other person had met the
- 171 requirements of this section to claim the tax credit; or
- 172 (B) if the other person files a return under Chapter 10, Individual Income Tax Act,
- 173 the other person may claim the tax credit under Section 59-10-1014 as if the
- 174 other person had met the requirements of Section 59-10-1014 to claim the tax
- 175 credit.
- 176 (4)(a) Subject to the other provisions of this Subsection (4), a taxpayer may claim a
- 177 refundable tax credit under this Subsection (4) with respect to a commercial energy
- 178 system if:
- 179 (i) the commercial energy system does not use:
- 180 (A) wind, geothermal electricity, solar, or biomass equipment capable of
- 181 producing a total of 660 or more kilowatts of electricity; or
- 182 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;
- 183 (ii) the taxpayer purchases or participates in the financing of the commercial energy
- 184 system;
- 185 (iii)(A) the commercial energy system supplies all or part of the energy required
- 186 by commercial units owned or used by the taxpayer; or
- 187 (B) the taxpayer sells all or part of the energy produced by the commercial energy
- 188 system as a commercial enterprise;
- 189 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection (7)
- 190 for hydrogen production using electricity for which the taxpayer claims a tax
- 191 credit under this Subsection (4); and
- 192 (v) the taxpayer obtains a written certification from the office in accordance with
- 193 Subsection (8).
- 194 (b)(i) Subject to Subsections (4)(b)(ii) through (iv), the tax credit is equal to 10% of
- 195 the reasonable costs of the commercial energy system.
- 196 (ii) A tax credit under this Subsection (4) may include installation costs.
- 197 (iii) A taxpayer is eligible to claim a tax credit under this Subsection (4) for the
- 198 taxable year in which the commercial energy system is completed and placed in

- 199 service.
- 200 (iv) The total amount of tax credit a taxpayer may claim under this Subsection (4)
- 201 may not exceed \$50,000 per commercial unit.
- 202 (c)(i) Subject to Subsections (4)(c)(ii) and (iii), a taxpayer that is a lessee of a
- 203 commercial energy system installed on a commercial unit may claim a tax credit
- 204 under this Subsection (4) if the taxpayer confirms that the lessor irrevocably elects
- 205 not to claim the tax credit.
- 206 (ii) A taxpayer described in Subsection (4)(c)(i) may claim as a tax credit under this
- 207 Subsection (4) only the principal recovery portion of the lease payments.
- 208 (iii) A taxpayer described in Subsection (4)(c)(i) may claim a tax credit under this
- 209 Subsection (4) for a period that does not exceed seven taxable years after the day
- 210 on which the lease begins, as stated in the lease agreement.
- 211 (5)(a) Subject to the other provisions of this Subsection (5), a taxpayer may claim a
- 212 refundable tax credit under this Subsection (5) with respect to a commercial energy
- 213 system if:
- 214 (i) the commercial energy system uses wind, geothermal electricity, or biomass
- 215 equipment capable of producing a total of 660 or more kilowatts of electricity;
- 216 (ii)(A) the commercial energy system supplies all or part of the energy required by
- 217 commercial units owned or used by the taxpayer; or
- 218 (B) the taxpayer sells all or part of the energy produced by the commercial energy
- 219 system as a commercial enterprise;
- 220 (iii) the taxpayer has not claimed and will not claim a tax credit under Subsection (7)
- 221 for hydrogen production using electricity for which the taxpayer claims a tax
- 222 credit under this Subsection (5); and
- 223 (iv) the taxpayer obtains a written certification from the office in accordance with
- 224 Subsection (8).
- 225 (b)(i) Subject to Subsection (5)(b)(ii), a tax credit under this Subsection (5) is equal
- 226 to the product of:
- 227 (A) 0.35 cents; and
- 228 (B) the kilowatt hours of electricity produced and used or sold during the taxable
- 229 year.
- 230 (ii) A taxpayer is eligible to claim a tax credit under this Subsection (5) for
- 231 production occurring during a period of 48 months beginning with the month in
- 232 which the commercial energy system is placed in commercial service.

(c) A taxpayer that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (5) if the taxpayer confirms that the lessor irrevocably elects not to claim the tax credit.

(6)(a) Subject to the other provisions of this Subsection (6), a taxpayer may claim a refundable tax credit as provided in this Subsection (6) if:

(i) the taxpayer owns a commercial energy system that uses solar equipment capable of producing a total of 660 or more kilowatts of electricity;

(ii)(A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the taxpayer; or

(B) the taxpayer sells all or part of the energy produced by the commercial energy system as a commercial enterprise;

(iii) the taxpayer does not claim a tax credit under Subsection (4) and has not claimed and will not claim a tax credit under Subsection (7) for hydrogen production using electricity for which a taxpayer claims a tax credit under this Subsection (6); and

(iv) the taxpayer obtains a written certification from the office in accordance with Subsection (8).

(b)(i) Subject to Subsection (6)(b)(ii), a tax credit under this Subsection (6) is equal to the product of:

(A) 0.35 cents; and

(B) the kilowatt hours of electricity produced and used or sold during the taxable year.

(ii) A taxpayer is eligible to claim a tax credit under this Subsection (6) for production occurring during a period of 48 months beginning with the month in which the commercial energy system is placed in commercial service.

(c) A taxpayer that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (6) if the taxpayer confirms that the lessor irrevocably elects not to claim the tax credit.

(7)(a) A taxpayer may claim a refundable tax credit as provided in this Subsection (7) if:

(i) the taxpayer owns a hydrogen production system;

(ii) the hydrogen production system is completed and placed in service on or after January 1, 2022;

(iii) the taxpayer sells as a commercial enterprise, or supplies for the taxpayer's own use in commercial units, the hydrogen produced from the hydrogen production system;

- 267 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection (4),
268 (5), or (6) or Section 59-7-626 for electricity or hydrogen used to meet the
269 requirements of this Subsection (7); and
- 270 (v) the taxpayer obtains a written certification from the office in accordance with
271 Subsection (8).
- 272 (b)(i) Subject to Subsections (7)(b)(ii) and (iii), a tax credit under this Subsection (7)
273 is equal to the product of:
- 274 (A) \$0.12; and
275 (B) the number of kilograms of hydrogen produced during the taxable year.
- 276 (ii) A taxpayer may not receive a tax credit under this Subsection (7) for more than
277 5,600 metric tons of hydrogen per taxable year.
- 278 (iii) A taxpayer is eligible to claim a tax credit under this Subsection (7) for
279 production occurring during a period of 48 months beginning with the month in
280 which the hydrogen production system is placed in commercial service.
- 281 (8)(a) Before a taxpayer may claim a tax credit under this section, the taxpayer shall
282 obtain a written certification from the office.
- 283 (b) The office shall issue a taxpayer a written certification if the office determines that:
- 284 (i) the taxpayer meets the requirements of this section to receive a tax credit; and
285 (ii) the residential energy system, the commercial energy system, or the hydrogen
286 production system with respect to which the taxpayer seeks to claim a tax credit:
287 (A) has been completely installed;
288 (B) is a viable system for saving or producing energy from clean resources; and
289 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential
290 energy system, the commercial energy system, or the hydrogen production
291 system uses the state's clean and nonrenewable energy resources in an
292 appropriate and economic manner.
- 293 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
294 office may make rules:
- 295 (i) for determining whether a residential energy system, a commercial energy system,
296 or a hydrogen production system meets the requirements of Subsection (8)(b)(ii);
297 and
298 (ii) for purposes of a tax credit under Subsection (3) or (4), establishing the
299 reasonable costs of a residential energy system or a commercial energy system, as
300 an amount per unit of energy production.

(d) A taxpayer that obtains a written certification from the office shall retain the certification for the same time period a person is required to keep books and records under Section 59-1-1406.

(e) The office shall submit to the commission an electronic list that includes:

(i) the name and identifying information of each taxpayer to which the office issues a written certification; and

(ii) for each taxpayer:

(A) the amount of the tax credit listed on the written certification; and

(B) the date the clean energy system was installed.

(9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to address the certification of a tax credit under this section.

(10) A tax credit under this section is in addition to any tax credits provided under the laws or rules and regulations of the United States.

(11) A taxpayer may not claim or carry forward a tax credit described in this section in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 59-7-614.7.

Section 2. Section **59-10-1014** is amended to read:

**59-10-1014 . Nonrefundable clean energy systems tax credits -- Definitions --
Certification -- Rulemaking authority.**

(1) As used in this section:

(a)(i) "Active solar system" means a system of equipment that is capable of:

(A) collecting and converting incident solar radiation into thermal, mechanical, or electrical energy; and

(B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate apparatus to storage or to the point of use.

(ii) "Active solar system" includes water heating, space heating or cooling, and electrical or mechanical energy generation.

(b) "Biomass system" means a system of apparatus and equipment for use in:

(i) converting material into biomass energy, as defined in Section 59-12-102; and

(ii) transporting the biomass energy by separate apparatus to the point of use or storage.

(c) "Direct use geothermal system" means a system of apparatus and equipment that enables the direct use of geothermal energy to meet energy needs, including heating a building, an industrial process, and aquaculture.

- (d) "Geothermal electricity" means energy that is:
- (i) contained in heat that continuously flows outward from the earth; and
 - (ii) used as a sole source of energy to produce electricity.
- (e) "Geothermal energy" means energy generated by heat that is contained in the earth.
- (f) "Geothermal heat pump system" means a system of apparatus and equipment that:
- (i) enables the use of thermal properties contained in the earth at temperatures well below 100 degrees Fahrenheit; and
 - (ii) helps meet heating and cooling needs of a structure.
- (g) "Hydroenergy system" means a system of apparatus and equipment that is capable of:
- (i) intercepting and converting kinetic water energy into electrical or mechanical energy; and
 - (ii) transferring this form of energy by separate apparatus to the point of use or storage.
- (h) "Office" means the Office of Energy Development created in Section 79-6-401.
- (i)(i) "Passive solar system" means a direct thermal system that utilizes the structure of a building and its operable components to provide for collection, storage, and distribution of heating or cooling during the appropriate times of the year by utilizing the climate resources available at the site.
- (ii) "Passive solar system" includes those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy.
- (j) "Photovoltaic system" means an active solar system that generates electricity from sunlight.
- (k)(i) "Principal recovery portion" means the portion of a lease payment that constitutes the cost a person incurs in acquiring a residential energy system.
- (ii) "Principal recovery portion" does not include:
 - (A) an interest charge; or
 - (B) a maintenance expense.
- (l) "Residential energy system" means the following used to supply energy to or for a residential unit:
- (i) an active solar system;
 - (ii) a biomass system;
 - (iii) a direct use geothermal system;
 - (iv) a geothermal heat pump system;

- 369 (v) a hydroenergy system;
- 370 (vi) a passive solar system; or
- 371 (vii) a wind system.
- 372 (m)(i) "Residential unit" means a house, condominium, apartment, or similar
- 373 dwelling unit that:
- 374 (A) is located in the state; and
- 375 (B) serves as a dwelling for a person, group of persons, or a family.
- 376 (ii) "Residential unit" does not include property subject to a fee under:
- 377 (A) Section 59-2-405;
- 378 (B) Section 59-2-405.1;
- 379 (C) Section 59-2-405.2;
- 380 (D) Section 59-2-405.3; or
- 381 (E) Section 72-10-110.5.
- 382 (n) "Wind system" means a system of apparatus and equipment that is capable of:
- 383 (i) intercepting and converting wind energy into mechanical or electrical energy; and
- 384 (ii) transferring these forms of energy by a separate apparatus to the point of use or
- 385 storage.
- 386 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in this
- 387 section against a tax due under this chapter for ~~[a taxable year]~~ an energy system that is
- 388 completed and placed in service before January 1, 2028.
- 389 (3) For a taxable year beginning on or after January 1, 2007, a claimant, estate, or trust may
- 390 claim a nonrefundable tax credit under this section with respect to a residential unit the
- 391 claimant, estate, or trust owns or uses if:
- 392 (a) the claimant, estate, or trust:
- 393 (i) purchases and completes a residential energy system to supply all or part of the
- 394 energy required for the residential unit; or
- 395 (ii) participates in the financing of a residential energy system to supply all or part of
- 396 the energy required for the residential unit;
- 397 (b) the residential energy system is installed on or after January 1, 2007; and
- 398 (c) the claimant, estate, or trust obtains a written certification from the office in
- 399 accordance with Subsection (5).
- 400 (4)(a) For a residential energy system, other than a photovoltaic system, the tax credit
- 401 described in this section is equal to the lesser of:
- 402 (i) 25% of the reasonable costs, including installation costs, of each residential

- energy system installed with respect to each residential unit the claimant, estate, or trust owns or uses; and
- (ii) \$2,000.
- (b) Subject to Subsection (5)(d), for a residential energy system that is a photovoltaic system, the tax credit described in this section is equal to the lesser of:
- (i) 25% of the reasonable costs, including installation costs, of each system installed with respect to each residential unit the claimant, estate, or trust owns or uses; or
- (ii)(A) for a system installed on or after January 1, 2007, but on or before December 31, 2017, \$2,000;
- (B) for a system installed on or after January 1, 2018, but on or before December 31, 2020, \$1,600;
- (C) for a system installed on or after January 1, 2021, but on or before December 31, 2021, \$1,200;
- (D) for a system installed on or after January 1, 2022, but on or before December 31, 2022, \$800;
- (E) for a system installed on or after January 1, 2023, but on or before December 31, 2023, \$400; and
- (F) for a system installed on or after January 1, 2024, \$0.
- (c)(i) The office shall determine the amount of the tax credit that a claimant, estate, or trust may claim and list that amount on the written certification that the office issues under Subsection (5).
- (ii) The claimant, estate, or trust may claim the tax credit in the amount listed on the written certification that the office issues under Subsection (5).
- (d) A claimant, estate, or trust may claim a tax credit under Subsection (3) for the taxable year in which the residential energy system is installed.
- (e) If the amount of a tax credit listed on the written certification exceeds a claimant's, estate's, or trust's tax liability under this chapter for a taxable year, the claimant, estate, or trust may carry forward the amount of the tax credit exceeding the liability for a period that does not exceed the next four taxable years.
- (f) A claimant, estate, or trust may claim a tax credit with respect to additional residential energy systems or parts of residential energy systems for a subsequent taxable year if the total amount of tax credit the claimant, estate, or trust claims does not exceed \$2,000 per residential unit.
- (g)(i) Subject to Subsections (4)(g)(ii) and (iii), a claimant, estate, or trust that leases

a residential energy system installed on a residential unit may claim a tax credit under Subsection (3) if the claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the tax credit.

(ii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a residential energy system may claim as a tax credit under Subsection (3) only the principal recovery portion of the lease payments.

(iii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a residential energy system may claim a tax credit under Subsection (3) for a period that does not exceed seven taxable years after the date the lease begins, as stated in the lease agreement.

(h) If a claimant, estate, or trust sells a residential unit to another person before the claimant, estate, or trust claims the tax credit under Subsection (3):

(i) the claimant, estate, or trust may assign the tax credit to the other person; and

(ii)(A) if the other person files a return under Chapter 7, Corporate Franchise and Income Taxes, the other person may claim the tax credit as if the other person had met the requirements of Section 59-7-614 to claim the tax credit; or

(B) if the other person files a return under this chapter, the other person may claim the tax credit under this section as if the other person had met the requirements of this section to claim the tax credit.

(5)(a) Before a claimant, estate, or trust may claim a tax credit under this section, the claimant, estate, or trust shall obtain a written certification from the office.

(b) The office shall issue a claimant, estate, or trust a written certification if the office determines that:

(i) the claimant, estate, or trust meets the requirements of this section to receive a tax credit; and

(ii) the office determines that the residential energy system with respect to which the claimant, estate, or trust seeks to claim a tax credit:

(A) has been completely installed;

(B) is a viable system for saving or producing energy from clean resources; and

(C) is safe, reliable, efficient, and technically feasible to ensure that the residential energy system uses the state's renewable and nonrenewable energy resources in an appropriate and economic manner.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules:

- 471 (i) for determining whether a residential energy system meets the requirements of
472 Subsection (5)(b)(ii); and
- 473 (ii) for purposes of determining the amount of a tax credit that a claimant, estate, or
474 trust may receive under Subsection (4), establishing the reasonable costs of a
475 residential energy system, as an amount per unit of energy production.
- 476 (d) A claimant, estate, or trust that obtains a written certification from the office shall
477 retain the certification for the same time period a person is required to keep books
478 and records under Section 59-1-1406.
- 479 (e) The office shall submit to the commission an electronic list that includes:
- 480 (i) the name and identifying information of each claimant, estate, or trust to which the
481 office issues a written certification; and
- 482 (ii) for each claimant, estate, or trust:
- 483 (A) the amount of the tax credit listed on the written certification; and
484 (B) the date the clean energy system was installed.
- 485 (6) A tax credit under this section is in addition to any tax credits provided under the laws
486 or rules and regulations of the United States.
- 487 (7) A purchaser of one or more solar units that claims a tax credit under Section 59-10-1024
488 for the purchase of the one or more solar units may not claim a tax credit under this
489 section for that purchase.

490 Section 3. Section **59-10-1106** is amended to read:

491 **59-10-1106 . Refundable clean energy systems tax credits -- Definitions --**
492 **Certification -- Rulemaking authority.**

- 493 (1) As used in this section:
- 494 (a) "Active solar system" means the same as that term is defined in Section 59-10-1014.
- 495 (b) "Biomass system" means the same as that term is defined in Section 59-10-1014.
- 496 (c) "Commercial energy system" means the same as that term is defined in Section
497 59-7-614.
- 498 (d) "Commercial enterprise" means the same as that term is defined in Section 59-7-614.
- 499 (e) "Commercial unit" means the same as that term is defined in Section 59-7-614.
- 500 (f) "Direct use geothermal system" means the same as that term is defined in Section
501 59-10-1014.
- 502 (g) "Geothermal electricity" means the same as that term is defined in Section
503 59-10-1014.
- 504 (h) "Geothermal energy" means the same as that term is defined in Section 59-10-1014.

- (i) "Geothermal heat pump system" means the same as that term is defined in Section 59-10-1014.
- (j) "Hydroenergy system" means the same as that term is defined in Section 59-10-1014.
- (k) "Hydrogen production system" means the same as that term is defined in Section 59-7-614.
- (l) "Office" means the Office of Energy Development created in Section 79-6-401.
- (m) "Passive solar system" means the same as that term is defined in Section 59-10-1014.
- (n) "Principal recovery portion" means the same as that term is defined in Section 59-10-1014.
- (o) "Wind system" means the same as that term is defined in Section 59-10-1014.
- (2) A claimant, estate, or trust may claim an energy system tax credit as provided in this section against a tax due under this chapter for ~~[a taxable year]~~ an energy system that is completed and placed in service before January 1, 2028.
- (3)(a) Subject to the other provisions of this Subsection (3), a claimant, estate, or trust may claim a refundable tax credit under this Subsection (3) with respect to a commercial energy system if:
- (i) the commercial energy system does not use:
 - (A) wind, geothermal electricity, solar, or biomass equipment capable of producing a total of 660 or more kilowatts of electricity; or
 - (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;
 - (ii) the claimant, estate, or trust purchases or participates in the financing of the commercial energy system;
 - (iii)(A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the claimant, estate, or trust; or
 - (B) the claimant, estate, or trust sells all or part of the energy produced by the commercial energy system as a commercial enterprise;
 - (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under Subsection (6) for hydrogen production using electricity for which the claimant, estate, or trust claims a tax credit under this Subsection (3); and
 - (v) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (7).
- (b)(i) Subject to Subsections (3)(b)(ii) through (iv), the tax credit is equal to 10% of the reasonable costs of the commercial energy system.
- (ii) A tax credit under this Subsection (3) may include installation costs.

- (iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (3) for the taxable year in which the commercial energy system is completed and placed in service.
- (iv) The total amount of tax credit a claimant, estate, or trust may claim under this Subsection (3) may not exceed \$50,000 per commercial unit.
- (c)(i) Subject to Subsections (3)(c)(ii) and (iii), a claimant, estate, or trust that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (3) if the claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the tax credit.
- (ii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim as a tax credit under this Subsection (3) only the principal recovery portion of the lease payments.
- (iii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim a tax credit under this Subsection (3) for a period that does not exceed seven taxable years after the day on which the lease begins, as stated in the lease agreement.
- (4)(a) Subject to the other provisions of this Subsection (4), a claimant, estate, or trust may claim a refundable tax credit under this Subsection (4) with respect to a commercial energy system if:
- (i) the commercial energy system uses wind, geothermal electricity, or biomass equipment capable of producing a total of 660 or more kilowatts of electricity;
 - (ii)(A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the claimant, estate, or trust; or
(B) the claimant, estate, or trust sells all or part of the energy produced by the commercial energy system as a commercial enterprise;
 - (iii) the claimant, estate, or trust has not claimed and will not claim a tax credit under Subsection (6) for hydrogen production using electricity for which the claimant, estate, or trust claims a tax credit under this Subsection (4); and
 - (iv) the claimant, estate, or trust obtains a written certification from the office in accordance with Subsection (7).
- (b)(i) Subject to Subsection (4)(b)(ii), a tax credit under this Subsection (4) is equal to the product of:
- (A) 0.35 cents; and
 - (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

- 573 (ii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection
574 (4) for production occurring during a period of 48 months beginning with the
575 month in which the commercial energy system is placed in commercial service.
- 576 (c) A claimant, estate, or trust that is a lessee of a commercial energy system installed on
577 a commercial unit may claim a tax credit under this Subsection (4) if the claimant,
578 estate, or trust confirms that the lessor irrevocably elects not to claim the tax credit.
- 579 (5)(a) Subject to the other provisions of this Subsection (5), a claimant, estate, or trust
580 may claim a refundable tax credit as provided in this Subsection (5) if:
- 581 (i) the claimant, estate, or trust owns a commercial energy system that uses solar
582 equipment capable of producing a total of 660 or more kilowatts of electricity;
- 583 (ii)(A) the commercial energy system supplies all or part of the energy required by
584 commercial units owned or used by the claimant, estate, or trust; or
- 585 (B) the claimant, estate, or trust sells all or part of the energy produced by the
586 commercial energy system as a commercial enterprise;
- 587 (iii) the claimant, estate, or trust does not claim a tax credit under Subsection (3);
- 588 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under
589 Subsection (6) for hydrogen production using electricity for which a taxpayer
590 claims a tax credit under this Subsection (5); and
- 591 (v) the claimant, estate, or trust obtains a written certification from the office in
592 accordance with Subsection (7).
- 593 (b)(i) Subject to Subsection (5)(b)(ii), a tax credit under this Subsection (5) is equal
594 to the product of:
- 595 (A) 0.35 cents; and
- 596 (B) the kilowatt hours of electricity produced and used or sold during the taxable
597 year.
- 598 (ii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection
599 (5) for production occurring during a period of 48 months beginning with the
600 month in which the commercial energy system is placed in commercial service.
- 601 (c) A claimant, estate, or trust that is a lessee of a commercial energy system installed on
602 a commercial unit may claim a tax credit under this Subsection (5) if the claimant,
603 estate, or trust confirms that the lessor irrevocably elects not to claim the tax credit.
- 604 (6)(a) A claimant, estate, or trust may claim a refundable tax credit as provided in this
605 Subsection (6) if:
- 606 (i) the claimant, estate, or trust owns a hydrogen production system;

- 607 (ii) the hydrogen production system is completed and placed in service on or after
608 January 1, 2022;
- 609 (iii) the claimant, estate, or trust sells as a commercial enterprise, or supplies for the
610 claimant's, estate's, or trust's own use in commercial units, the hydrogen produced
611 from the hydrogen production system;
- 612 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under
613 Subsection (3), (4), or (5) for electricity used to meet the requirements of this
614 Subsection (6); and
- 615 (v) the claimant, estate, or trust obtains a written certification from the office in
616 accordance with Subsection (7).
- 617 (b)(i) Subject to Subsections (6)(b)(ii) and (iii), a tax credit under this Subsection (6)
618 is equal to the product of:
- 619 (A) \$0.12; and
620 (B) the number of kilograms of hydrogen produced during the taxable year.
- 621 (ii) A claimant, estate, or trust may not receive a tax credit under this Subsection (6)
622 for more than 5,600 metric tons of hydrogen per taxable year.
- 623 (iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection
624 (6) for production occurring during a period of 48 months beginning with the
625 month in which the hydrogen production system is placed in commercial service.
- 626 (7)(a) Before a claimant, estate, or trust may claim a tax credit under this section, the
627 claimant, estate, or trust shall obtain a written certification from the office.
- 628 (b) The office shall issue a claimant, estate, or trust a written certification if the office
629 determines that:
- 630 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax
631 credit; and
- 632 (ii) the commercial energy system or the hydrogen production system with respect to
633 which the claimant, estate, or trust seeks to claim a tax credit:
- 634 (A) has been completely installed;
635 (B) is a viable system for saving or producing energy from clean resources; and
636 (C) is safe, reliable, efficient, and technically feasible to ensure that the
637 commercial energy system or the hydrogen production system uses the state's
638 clean and nonrenewable resources in an appropriate and economic manner.
- 639 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
640 office may make rules:

- (i) for determining whether a commercial energy system or a hydrogen production system meets the requirements of Subsection (7)(b)(ii); and
- (ii) for purposes of a tax credit under Subsection (3), establishing the reasonable costs of a commercial energy system, as an amount per unit of energy production.
- (d) A claimant, estate, or trust that obtains a written certification from the office shall retain the certification for the same time period a person is required to keep books and records under Section 59-1-1406.
- (e) The office shall submit to the commission an electronic list that includes:
- (i) the name and identifying information of each claimant, estate, or trust to which the office issues a written certification; and
- (ii) for each claimant, estate, or trust:
- (A) the amount of the tax credit listed on the written certification; and
- (B) the date the commercial energy system or the hydrogen production system was installed.
- (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to address the certification of a tax credit under this section.
- (9) A tax credit under this section is in addition to any tax credits provided under the laws or rules and regulations of the United States.
- (10) A purchaser of one or more solar units that claims a tax credit under Section 59-10-1024 for the purchase of the one or more solar units may not claim a tax credit under this section for that purchase.
- (11) A claimant, estate, or trust may not claim or carry forward a tax credit described in this section in a taxable year during which the claimant, estate, or trust claims or carries forward a tax credit under Section 59-10-1029.

Section 4. **Repealer.**

This bill repeals:

Section **59-7-614.7, Nonrefundable alternative energy development tax credit.**

Section **59-10-1024, Nonrefundable tax credit for qualifying solar projects.**

Section **59-10-1029, Nonrefundable alternative energy development tax credit.**

Section 5. **Effective Date.**

This bill takes effect on May 7, 2025.

Section 6. **Retrospective operation.**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2025.