

Commercial Wind and Solar Incentives Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Derrin R. Owens

House Sponsor: Carl R. Albrecht

LONG TITLE

General Description:

This bill modifies tax credit requirements for certain commercial wind and solar energy systems.

Highlighted Provisions:

This bill:

- defines terms;
requires commercial wind and solar energy systems of 660 or more kilowatts to include energy storage systems to qualify for tax credits; and
makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

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

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

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

- 29 electrical energy; and
- 30 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a
- 31 separate apparatus to storage or to the point of use.
- 32 (ii) "Active solar system" includes water heating, space heating or cooling, and
- 33 electrical or mechanical energy generation.
- 34 (b) "Adequate energy storage" means an energy storage system that:
- 35 (i) is capable of storing electrical energy produced by a commercial energy system;
- 36 (ii) can provide at least six hours of the commercial energy system's expected peak
- 37 daily generation; and
- 38 (iii) enables the commercial energy system to meet the requirements of being
- 39 dispatchable and reliable.
- 40 [(b)] (c) "Biomass system" means a system of apparatus and equipment for use in:
- 41 (i) converting material into biomass energy, as defined in Section 59-12-102; and
- 42 (ii) transporting the biomass energy by separate apparatus to the point of use or
- 43 storage.
- 44 [(e)] (d) "Clean energy source" means the same as that term is defined in Section
- 45 54-17-601.
- 46 [(d)] (e) "Commercial energy system" means a system that is:
- 47 (i)(A) an active solar system;
- 48 (B) a biomass system;
- 49 (C) a direct use geothermal system;
- 50 (D) a geothermal electricity system;
- 51 (E) a geothermal heat pump system;
- 52 (F) a hydroenergy system;
- 53 (G) a passive solar system; or
- 54 (H) a wind system;
- 55 (ii) located in the state; and
- 56 (iii) used:
- 57 (A) to supply energy to a commercial unit; or
- 58 (B) as a commercial enterprise.
- 59 [(e)] (f) "Commercial enterprise" means an entity, the purpose of which is to produce:
- 60 (i) electrical, mechanical, or thermal energy for sale from a commercial energy
- 61 system; or
- 62 (ii) hydrogen for sale from a hydrogen production system.

- 63 ~~(f)~~ (g)(i) "Commercial unit" means a building or structure that an entity uses to
64 transact business.
- 65 (ii) Notwithstanding Subsection ~~(+)(f)(+)~~ (1)(g)(i):
- 66 (A) with respect to an active solar system used for agricultural water pumping or a
67 wind system, each individual energy generating device is considered to be a
68 commercial unit; or
- 69 (B) if an energy system is the building or structure that an entity uses to transact
70 business, a commercial unit is the complete energy system itself.
- 71 ~~(g)~~ (h) "Direct use geothermal system" means a system of apparatus and equipment that
72 enables the direct use of geothermal energy to meet energy needs, including heating a
73 building, an industrial process, and aquaculture.
- 74 (i) "Dispatchable" means the same as that term is defined in Section 79-6-102.
- 75 ~~(h)~~ (j) "Geothermal electricity" means energy that is:
- 76 (i) contained in heat that continuously flows outward from the earth; and
77 (ii) used as a sole source of energy to produce electricity.
- 78 ~~(i)~~ (k) "Geothermal energy" means energy generated by heat that is contained in the
79 earth.
- 80 ~~(j)~~ (l) "Geothermal heat pump system" means a system of apparatus and equipment that:
- 81 (i) enables the use of thermal properties contained in the earth at temperatures well
82 below 100 degrees Fahrenheit; and
83 (ii) helps meet heating and cooling needs of a structure.
- 84 ~~(k)~~ (m) "Hydroenergy system" means a system of apparatus and equipment that is
85 capable of:
- 86 (i) intercepting and converting kinetic water energy into electrical or mechanical
87 energy; and
88 (ii) transferring this form of energy by separate apparatus to the point of use or
89 storage.
- 90 ~~(l)~~ (n) "Hydrogen production system" means a system of apparatus and equipment,
91 located in this state, that uses:
- 92 (i) electricity from a clean energy source to create hydrogen gas from water,
93 regardless of whether the clean energy source is at a separate facility or the same
94 facility as the system of apparatus and equipment; or
95 (ii) uses renewable natural gas to produce hydrogen gas.
- 96 (o) "Interconnection queue" means the list of requests from power generation projects

97 maintained by a transmission provider that are waiting to connect to the electrical
98 grid.

99 [~~m~~] (p) "Office" means the Office of Energy Development created in Section 79-6-401.

100 [~~n~~] (q)(i) "Passive solar system" means a direct thermal system that utilizes the
101 structure of a building and the structure's operable components to provide for
102 collection, storage, and distribution of heating or cooling during the appropriate
103 times of the year by utilizing the climate resources available at the site.

104 (ii) "Passive solar system" includes those portions and components of a building that
105 are expressly designed and required for the collection, storage, and distribution of
106 solar energy.

107 (r) "Peak daily generation" means the total electricity generation during the highest
108 generation month of a calendar year, divided by the number of days in that month.

109 [~~o~~] (s) "Photovoltaic system" means an active solar system that generates electricity
110 from sunlight.

111 [~~p~~] (t)(i) "Principal recovery portion" means the portion of a lease payment that
112 constitutes the cost a person incurs in acquiring a commercial energy system.

113 (ii) "Principal recovery portion" does not include:

114 (A) an interest charge; or

115 (B) a maintenance expense.

116 (u) "Reliable" means the same as that term is defined in Section 79-6-102.

117 [~~q~~] (v) "Residential energy system" means the following used to supply energy to or for
118 a residential unit:

119 (i) an active solar system;

120 (ii) a biomass system;

121 (iii) a direct use geothermal system;

122 (iv) a geothermal heat pump system;

123 (v) a hydroenergy system;

124 (vi) a passive solar system; or

125 (vii) a wind system.

126 [~~r~~] (w)(i) "Residential unit" means a house, condominium, apartment, or similar
127 dwelling unit that:

128 (A) is located in the state; and

129 (B) serves as a dwelling for a person, group of persons, or a family.

130 (ii) "Residential unit" does not include property subject to a fee under:

- 131 (A) Section 59-2-405;
- 132 (B) Section 59-2-405.1;
- 133 (C) Section 59-2-405.2;
- 134 (D) Section 59-2-405.3; or
- 135 (E) Section 72-10-110.5.
- 136 ~~(s)~~ (x) "Wind system" means a system of apparatus and equipment that is capable of:
- 137 (i) intercepting and converting wind energy into mechanical or electrical energy; and
- 138 (ii) transferring these forms of energy by a separate apparatus to the point of use,
- 139 sale, or storage.
- 140 (2) A taxpayer may claim an energy system tax credit as provided in this section against a
- 141 tax due under this chapter for a taxable year.
- 142 (3)(a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a
- 143 nonrefundable tax credit under this Subsection (3) with respect to a residential unit
- 144 the taxpayer owns or uses if:
- 145 (i) the taxpayer:
- 146 (A) purchases and completes a residential energy system to supply all or part of
- 147 the energy required for the residential unit; or
- 148 (B) participates in the financing of a residential energy system to supply all or part
- 149 of the energy required for the residential unit; and
- 150 (ii) the taxpayer obtains a written certification from the office in accordance with
- 151 Subsection (8).
- 152 (b)(i) Subject to Subsections (3)(b)(ii) through (iv) and, as applicable, Subsection
- 153 (3)(c) or (d), the tax credit is equal to 25% of the reasonable costs of each
- 154 residential energy system installed with respect to each residential unit the
- 155 taxpayer owns or uses.
- 156 (ii) A tax credit under this Subsection (3) may include installation costs.
- 157 (iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year
- 158 in which the residential energy system is completed and placed in service.
- 159 (iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax
- 160 liability under this chapter for a taxable year, the taxpayer may carry forward the
- 161 amount of the tax credit exceeding the liability for a period that does not exceed
- 162 the next four taxable years.
- 163 (c) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a
- 164 residential energy system, other than a photovoltaic system, may not exceed \$2,000

- 165 per residential unit.
- 166 (d) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a
167 photovoltaic system may not exceed:
- 168 (i) for a system installed on or after January 1, 2018, but on or before December 31,
169 2020, \$1,600;
- 170 (ii) for a system installed on or after January 1, 2021, but on or before December 31,
171 2021, \$1,200;
- 172 (iii) for a system installed on or after January 1, 2022, but on or before December 31,
173 2022, \$800;
- 174 (iv) for a system installed on or after January 1, 2023, but on or before December 31,
175 2023, \$400; and
- 176 (v) for a system installed on or after January 1, 2024, \$0.
- 177 (e) If a taxpayer sells a residential unit to another person before the taxpayer claims the
178 tax credit under this Subsection (3):
- 179 (i) the taxpayer may assign the tax credit to the other person; and
- 180 (ii)(A) if the other person files a return under this chapter, the other person may
181 claim the tax credit under this section as if the other person had met the
182 requirements of this section to claim the tax credit; or
- 183 (B) if the other person files a return under Chapter 10, Individual Income Tax Act,
184 the other person may claim the tax credit under Section 59-10-1014 as if the
185 other person had met the requirements of Section 59-10-1014 to claim the tax
186 credit.
- 187 (4)(a) Subject to the other provisions of this Subsection (4), a taxpayer may claim a
188 refundable tax credit under this Subsection (4) with respect to a commercial energy
189 system if:
- 190 (i) the commercial energy system does not use:
- 191 (A) wind, geothermal electricity, solar, or biomass equipment capable of
192 producing a total of 660 or more kilowatts of electricity; or
- 193 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;
- 194 (ii) the taxpayer purchases or participates in the financing of the commercial energy
195 system;
- 196 (iii)(A) the commercial energy system supplies all or part of the energy required
197 by commercial units owned or used by the taxpayer; or
- 198 (B) the taxpayer sells all or part of the energy produced by the commercial energy

- 199 system as a commercial enterprise;
- 200 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection (7)
- 201 for hydrogen production using electricity for which the taxpayer claims a tax
- 202 credit under this Subsection (4); and
- 203 (v) the taxpayer obtains a written certification from the office in accordance with
- 204 Subsection (8).
- 205 (b)(i) Subject to Subsections (4)(b)(ii) through (iv), the tax credit is equal to 10% of
- 206 the reasonable costs of the commercial energy system.
- 207 (ii) A tax credit under this Subsection (4) may include installation costs.
- 208 (iii) A taxpayer is eligible to claim a tax credit under this Subsection (4) for the
- 209 taxable year in which the commercial energy system is completed and placed in
- 210 service.
- 211 (iv) The total amount of tax credit a taxpayer may claim under this Subsection (4)
- 212 may not exceed \$50,000 per commercial unit.
- 213 (c)(i) Subject to Subsections (4)(c)(ii) and (iii), a taxpayer that is a lessee of a
- 214 commercial energy system installed on a commercial unit may claim a tax credit
- 215 under this Subsection (4) if the taxpayer confirms that the lessor irrevocably elects
- 216 not to claim the tax credit.
- 217 (ii) A taxpayer described in Subsection (4)(c)(i) may claim as a tax credit under this
- 218 Subsection (4) only the principal recovery portion of the lease payments.
- 219 (iii) A taxpayer described in Subsection (4)(c)(i) may claim a tax credit under this
- 220 Subsection (4) for a period that does not exceed seven taxable years after the day
- 221 on which the lease begins, as stated in the lease agreement.
- 222 (5)(a) Subject to the other provisions of this Subsection (5), a taxpayer may claim a
- 223 refundable tax credit under this Subsection (5) with respect to a commercial energy
- 224 system if:
- 225 (i) the commercial energy system uses wind, geothermal electricity, or biomass
- 226 equipment capable of producing a total of 660 or more kilowatts of electricity;
- 227 (ii)(A) the commercial energy system supplies all or part of the energy required by
- 228 commercial units owned or used by the taxpayer; or
- 229 (B) the taxpayer sells all or part of the energy produced by the commercial energy
- 230 system as a commercial enterprise;
- 231 (iii) for a commercial energy system using wind, the system includes adequate energy
- 232 storage;

- 233 ~~[(iii)]~~ (iv) the taxpayer has not claimed and will not claim a tax credit under
234 Subsection (7) for hydrogen production using electricity for which the taxpayer
235 claims a tax credit under this Subsection (5); and
- 236 ~~[(iv)]~~ (v) the taxpayer obtains a written certification from the office in accordance
237 with Subsection (8).
- 238 (b)(i) Subject to Subsection (5)(b)(ii), a tax credit under this Subsection (5) is equal
239 to the product of:
- 240 (A) 0.35 cents; and
- 241 (B) the kilowatt hours of electricity produced and used or sold during the taxable
242 year.
- 243 (ii) A taxpayer is eligible to claim a tax credit under this Subsection (5) for
244 production occurring during a period of 48 months beginning with the month in
245 which the commercial energy system is placed in commercial service.
- 246 (c) For purposes of calculating the tax credit under this Subsection (5), electricity that is
247 stored and later sold may only be counted at the time the electricity is sold from
248 storage.
- 249 ~~[(e)]~~ (d) A taxpayer that is a lessee of a commercial energy system installed on a
250 commercial unit may claim a tax credit under this Subsection (5) if the taxpayer
251 confirms that the lessor irrevocably elects not to claim the tax credit.
- 252 (e) Notwithstanding Subsection (5)(a)(iii), a commercial energy system is exempt from
253 the energy storage requirement if the system had a position in an interconnection
254 queue or a signed agreement with a transmission provider before January 1, 2025.
- 255 (6)(a) Subject to the other provisions of this Subsection (6), a taxpayer may claim a
256 refundable tax credit as provided in this Subsection (6) if:
- 257 (i) the taxpayer owns a commercial energy system that:
- 258 (A) uses solar equipment capable of producing a total of 660 or more kilowatts of
259 electricity; and
- 260 (B) includes adequate energy storage;
- 261 (ii)(A) the commercial energy system supplies all or part of the energy required by
262 commercial units owned or used by the taxpayer; or
- 263 (B) the taxpayer sells all or part of the energy produced by the commercial energy
264 system as a commercial enterprise;
- 265 (iii) the taxpayer does not claim a tax credit under Subsection (4) and has not claimed
266 and will not claim a tax credit under Subsection (7) for hydrogen production using

267 electricity for which a taxpayer claims a tax credit under this Subsection (6); and
268 (iv) the taxpayer obtains a written certification from the office in accordance with
269 Subsection (8).

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

272 (A) 0.35 cents; and

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

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

278 (c) For purposes of calculating the tax credit under this Subsection (6), electricity that is
279 stored and later sold may only be counted at the time the electricity is sold from
280 storage.

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

284 (e) Notwithstanding Subsection (6)(a)(i)(B), a commercial energy system is exempt
285 from the energy storage requirement if the system had a position in an
286 interconnection queue or a signed agreement with a transmission provider before
287 January 1, 2025.

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

289 (i) the taxpayer owns a hydrogen production system;

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

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

295 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection (4),
296 (5), or (6) or Section 59-7-626 for electricity or hydrogen used to meet the
297 requirements of this Subsection (7); and

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

300 (b)(i) Subject to Subsections (7)(b)(ii) and (iii), a tax credit under this Subsection (7)

- 301 is equal to the product of:
- 302 (A) \$0.12; and
- 303 (B) the number of kilograms of hydrogen produced during the taxable year.
- 304 (ii) A taxpayer may not receive a tax credit under this Subsection (7) for more than
- 305 5,600 metric tons of hydrogen per taxable year.
- 306 (iii) A taxpayer is eligible to claim a tax credit under this Subsection (7) for
- 307 production occurring during a period of 48 months beginning with the month in
- 308 which the hydrogen production system is placed in commercial service.
- 309 (8)(a) Before a taxpayer may claim a tax credit under this section, the taxpayer shall
- 310 obtain a written certification from the office.
- 311 (b) The office shall issue a taxpayer a written certification if the office determines that:
- 312 (i) the taxpayer meets the requirements of this section to receive a tax credit; and
- 313 (ii) the residential energy system, the commercial energy system, or the hydrogen
- 314 production system with respect to which the taxpayer seeks to claim a tax credit:
- 315 (A) has been completely installed;
- 316 (B) is a viable system for saving or producing energy from clean resources; and
- 317 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential
- 318 energy system, the commercial energy system, or the hydrogen production
- 319 system uses the state's clean and nonrenewable energy resources in an
- 320 appropriate and economic manner.
- 321 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 322 office may make rules:
- 323 (i) for determining whether a residential energy system, a commercial energy system,
- 324 or a hydrogen production system meets the requirements of Subsection (8)(b)(ii);
- 325 and
- 326 (ii) for purposes of a tax credit under Subsection (3) or (4), establishing the
- 327 reasonable costs of a residential energy system or a commercial energy system, as
- 328 an amount per unit of energy production.
- 329 (d) A taxpayer that obtains a written certification from the office shall retain the
- 330 certification for the same time period a person is required to keep books and records
- 331 under Section 59-1-1406.
- 332 (e) The office shall submit to the commission an electronic list that includes:
- 333 (i) the name and identifying information of each taxpayer to which the office issues a
- 334 written certification; and

- 335 (ii) for each taxpayer:
- 336 (A) the amount of the tax credit listed on the written certification; and
- 337 (B) the date the clean energy system was installed.
- 338 (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 339 commission may make rules to address the certification of a tax credit under this section.
- 340 (10) A tax credit under this section is in addition to any tax credits provided under the laws
- 341 or rules and regulations of the United States.
- 342 (11) A taxpayer may not claim or carry forward a tax credit described in this section in a
- 343 taxable year during which the taxpayer claims or carries forward a tax credit under
- 344 Section 59-7-614.7.

345 Section 2. Section **59-10-1106** is amended to read:

346 **59-10-1106 . Refundable clean energy systems tax credits -- Definitions --**
 347 **Certification -- Rulemaking authority.**

- 348 (1) As used in this section:
- 349 (a) "Active solar system" means the same as that term is defined in Section 59-10-1014.
- 350 (b) "Adequate energy storage" means the same as that term is defined in Section
- 351 59-7-614.
- 352 [~~(b)~~] (c) "Biomass system" means the same as that term is defined in Section 59-10-1014.
- 353 [~~(e)~~] (d) "Commercial energy system" means the same as that term is defined in Section
- 354 59-7-614.
- 355 [~~(d)~~] (e) "Commercial enterprise" means the same as that term is defined in Section
- 356 59-7-614.
- 357 [~~(e)~~] (f) "Commercial unit" means the same as that term is defined in Section 59-7-614.
- 358 [~~(f)~~] (g) "Direct use geothermal system" means the same as that term is defined in
- 359 Section 59-10-1014.
- 360 (h) "Dispatchable" means the same as that term is defined in Section 79-6-102.
- 361 [~~(g)~~] (i) "Geothermal electricity" means the same as that term is defined in Section
- 362 59-10-1014.
- 363 [~~(h)~~] (j) "Geothermal energy" means the same as that term is defined in Section
- 364 59-10-1014.
- 365 [~~(i)~~] (k) "Geothermal heat pump system" means the same as that term is defined in
- 366 Section 59-10-1014.
- 367 [~~(j)~~] (l) "Hydroenergy system" means the same as that term is defined in Section
- 368 59-10-1014.

- 369 ~~(k)~~ (m) "Hydrogen production system" means the same as that term is defined in
370 Section 59-7-614.
- 371 (n) "Interconnection queue" means the same as that term is defined in Section 59-7-614.
- 372 ~~(h)~~ (o) "Office" means the Office of Energy Development created in Section 79-6-401.
- 373 ~~(m)~~ (p) "Passive solar system" means the same as that term is defined in Section
374 59-10-1014.
- 375 (q) "Peak daily generation" means the same as that term is defined in Section 59-7-614.
- 376 ~~(n)~~ (r) "Principal recovery portion" means the same as that term is defined in Section
377 59-10-1014.
- 378 (s) "Reliable" means the same as that term is defined in Section 79-6-102.
- 379 ~~(o)~~ (t) "Wind system" means the same as that term is defined in Section 59-10-1014.
- 380 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in this
381 section against a tax due under this chapter for a taxable year.
- 382 (3)(a) Subject to the other provisions of this Subsection (3), a claimant, estate, or trust
383 may claim a refundable tax credit under this Subsection (3) with respect to a
384 commercial energy system if:
- 385 (i) the commercial energy system does not use:
- 386 (A) wind, geothermal electricity, solar, or biomass equipment capable of
387 producing a total of 660 or more kilowatts of electricity; or
- 388 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;
- 389 (ii) the claimant, estate, or trust purchases or participates in the financing of the
390 commercial energy system;
- 391 (iii)(A) the commercial energy system supplies all or part of the energy required
392 by commercial units owned or used by the claimant, estate, or trust; or
- 393 (B) the claimant, estate, or trust sells all or part of the energy produced by the
394 commercial energy system as a commercial enterprise;
- 395 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under
396 Subsection (6) for hydrogen production using electricity for which the claimant,
397 estate, or trust claims a tax credit under this Subsection (3); and
- 398 (v) the claimant, estate, or trust obtains a written certification from the office in
399 accordance with Subsection (7).
- 400 (b)(i) Subject to Subsections (3)(b)(ii) through (iv), the tax credit is equal to 10% of
401 the reasonable costs of the commercial energy system.
- 402 (ii) A tax credit under this Subsection (3) may include installation costs.

- 403 (iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection
404 (3) for the taxable year in which the commercial energy system is completed and
405 placed in service.
- 406 (iv) The total amount of tax credit a claimant, estate, or trust may claim under this
407 Subsection (3) may not exceed \$50,000 per commercial unit.
- 408 (c)(i) Subject to Subsections (3)(c)(ii) and (iii), a claimant, estate, or trust that is a
409 lessee of a commercial energy system installed on a commercial unit may claim a
410 tax credit under this Subsection (3) if the claimant, estate, or trust confirms that
411 the lessor irrevocably elects not to claim the tax credit.
- 412 (ii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim as a tax
413 credit under this Subsection (3) only the principal recovery portion of the lease
414 payments.
- 415 (iii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim a tax
416 credit under this Subsection (3) for a period that does not exceed seven taxable
417 years after the day on which the lease begins, as stated in the lease agreement.
- 418 (4)(a) Subject to the other provisions of this Subsection (4), a claimant, estate, or trust
419 may claim a refundable tax credit under this Subsection (4) with respect to a
420 commercial energy system if:
- 421 (i) the commercial energy system uses wind, geothermal electricity, or biomass
422 equipment capable of producing a total of 660 or more kilowatts of electricity;
- 423 (ii)(A) the commercial energy system supplies all or part of the energy required by
424 commercial units owned or used by the claimant, estate, or trust; or
425 (B) the claimant, estate, or trust sells all or part of the energy produced by the
426 commercial energy system as a commercial enterprise;
- 427 (iii) for a commercial energy system using wind, the system includes adequate energy
428 storage;
- 429 ~~[(iii)]~~ (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit
430 under Subsection (6) for hydrogen production using electricity for which the
431 claimant, estate, or trust claims a tax credit under this Subsection (4); and
432 ~~[(iv)]~~ (v) the claimant, estate, or trust obtains a written certification from the office in
433 accordance with Subsection (7).
- 434 (b)(i) Subject to Subsection (4)(b)(ii), a tax credit under this Subsection (4) is equal
435 to the product of:
436 (A) 0.35 cents; and

- 437 (B) the kilowatt hours of electricity produced and used or sold during the taxable
438 year.
- 439 (ii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection
440 (4) for production occurring during a period of 48 months beginning with the
441 month in which the commercial energy system is placed in commercial service.
- 442 (c) For purposes of calculating the tax credit under this Subsection (4), electricity that is
443 stored and later sold may only be counted at the time the electricity is sold from
444 storage.
- 445 [(e)] (d) A claimant, estate, or trust that is a lessee of a commercial energy system
446 installed on a commercial unit may claim a tax credit under this Subsection (4) if the
447 claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the
448 tax credit.
- 449 (e) Notwithstanding Subsection (4)(a)(iii), a commercial energy system is exempt from
450 the energy storage requirement if the system had a position in an interconnection
451 queue or a signed agreement with a transmission provider before January 1, 2025.
- 452 (5)(a) Subject to the other provisions of this Subsection (5), a claimant, estate, or trust
453 may claim a refundable tax credit as provided in this Subsection (5) if:
- 454 (i) the claimant, estate, or trust owns a commercial energy system that:
- 455 (A) uses solar equipment capable of producing a total of 660 or more kilowatts of
456 electricity; and
- 457 (B) includes adequate energy storage;
- 458 (ii)(A) the commercial energy system supplies all or part of the energy required by
459 commercial units owned or used by the claimant, estate, or trust; or
- 460 (B) the claimant, estate, or trust sells all or part of the energy produced by the
461 commercial energy system as a commercial enterprise;
- 462 (iii) the claimant, estate, or trust does not claim a tax credit under Subsection (3);
- 463 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under
464 Subsection (6) for hydrogen production using electricity for which a taxpayer
465 claims a tax credit under this Subsection (5); and
- 466 (v) the claimant, estate, or trust obtains a written certification from the office in
467 accordance with Subsection (7).
- 468 (b)(i) Subject to Subsection (5)(b)(ii), a tax credit under this Subsection (5) is equal
469 to the product of:
- 470 (A) 0.35 cents; and

- 471 (B) the kilowatt hours of electricity produced and used or sold during the taxable
472 year.
- 473 (ii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection
474 (5) for production occurring during a period of 48 months beginning with the
475 month in which the commercial energy system is placed in commercial service.
- 476 (c) For purposes of calculating the tax credit under this Subsection (5), electricity that is
477 stored and later sold may only be counted at the time the electricity is sold from
478 storage.
- 479 (d) A claimant, estate, or trust that is a lessee of a commercial energy system installed on
480 a commercial unit may claim a tax credit under this Subsection (5) if the claimant,
481 estate, or trust confirms that the lessor irrevocably elects not to claim the tax credit.
- 482 (e) Notwithstanding Subsection (5)(a)(i)(B), a commercial energy system is exempt
483 from the energy storage requirement if the system had a position in an
484 interconnection queue or a signed agreement with a transmission provider before
485 January 1, 2025.
- 486 (6)(a) A claimant, estate, or trust may claim a refundable tax credit as provided in this
487 Subsection (6) if:
- 488 (i) the claimant, estate, or trust owns a hydrogen production system;
- 489 (ii) the hydrogen production system is completed and placed in service on or after
490 January 1, 2022;
- 491 (iii) the claimant, estate, or trust sells as a commercial enterprise, or supplies for the
492 claimant's, estate's, or trust's own use in commercial units, the hydrogen produced
493 from the hydrogen production system;
- 494 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under
495 Subsection (3), (4), or (5) for electricity used to meet the requirements of this
496 Subsection (6); and
- 497 (v) the claimant, estate, or trust obtains a written certification from the office in
498 accordance with Subsection (7).
- 499 (b)(i) Subject to Subsections (6)(b)(ii) and (iii), a tax credit under this Subsection (6)
500 is equal to the product of:
- 501 (A) \$0.12; and
- 502 (B) the number of kilograms of hydrogen produced during the taxable year.
- 503 (ii) A claimant, estate, or trust may not receive a tax credit under this Subsection (6)
504 for more than 5,600 metric tons of hydrogen per taxable year.

- 505 (iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection
506 (6) for production occurring during a period of 48 months beginning with the
507 month in which the hydrogen production system is placed in commercial service.
- 508 (7)(a) Before a claimant, estate, or trust may claim a tax credit under this section, the
509 claimant, estate, or trust shall obtain a written certification from the office.
- 510 (b) The office shall issue a claimant, estate, or trust a written certification if the office
511 determines that:
- 512 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax
513 credit; and
- 514 (ii) the commercial energy system or the hydrogen production system with respect to
515 which the claimant, estate, or trust seeks to claim a tax credit:
- 516 (A) has been completely installed;
- 517 (B) is a viable system for saving or producing energy from clean resources; and
- 518 (C) is safe, reliable, efficient, and technically feasible to ensure that the
519 commercial energy system or the hydrogen production system uses the state's
520 clean and nonrenewable resources in an appropriate and economic manner.
- 521 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
522 office may make rules:
- 523 (i) for determining whether a commercial energy system or a hydrogen production
524 system meets the requirements of Subsection (7)(b)(ii); and
- 525 (ii) for purposes of a tax credit under Subsection (3), establishing the reasonable costs
526 of a commercial energy system, as an amount per unit of energy production.
- 527 (d) A claimant, estate, or trust that obtains a written certification from the office shall
528 retain the certification for the same time period a person is required to keep books
529 and records under Section 59-1-1406.
- 530 (e) The office shall submit to the commission an electronic list that includes:
- 531 (i) the name and identifying information of each claimant, estate, or trust to which the
532 office issues a written certification; and
- 533 (ii) for each claimant, estate, or trust:
- 534 (A) the amount of the tax credit listed on the written certification; and
- 535 (B) the date the commercial energy system or the hydrogen production system
536 was installed.
- 537 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
538 commission may make rules to address the certification of a tax credit under this section.

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

541 (10) A purchaser of one or more solar units that claims a tax credit under Section
542 59-10-1024 for the purchase of the one or more solar units may not claim a tax credit
543 under this section for that purchase.

544 (11) A claimant, estate, or trust may not claim or carry forward a tax credit described in this
545 section in a taxable year during which the claimant, estate, or trust claims or carries
546 forward a tax credit under Section 59-10-1029.

547 Section 3. **Effective Date.**

548 This bill takes effect for a taxable year beginning on or after January 1, 2026.