

**Kay J. Christofferson** proposes the following substitute bill:

**Tax Incentives Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Kay J. Christofferson**

Senate Sponsor: Brady Brammer

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**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, 2035; 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

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*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.**

- 30 (1) As used in this section:
- 31 (a)(i) "Active solar system" means a system of equipment that is capable of:
- 32 (A) collecting and converting incident solar radiation into thermal, mechanical, or
- 33 electrical energy; and
- 34 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a
- 35 separate apparatus to storage or to the point of use.
- 36 (ii) "Active solar system" includes water heating, space heating or cooling, and
- 37 electrical or mechanical energy generation.
- 38 (b) "Biomass system" means a system of apparatus and equipment for use in:
- 39 (i) converting material into biomass energy, as defined in Section 59-12-102; and
- 40 (ii) transporting the biomass energy by separate apparatus to the point of use or
- 41 storage.
- 42 (c) "Clean energy source" means the same as that term is defined in Section 54-17-601.
- 43 (d) "Commercial energy system" means a system that is:
- 44 (i)(A) an active solar system;
- 45 (B) a biomass system;
- 46 (C) a direct use geothermal system;
- 47 (D) a geothermal electricity system;
- 48 (E) a geothermal heat pump system;
- 49 (F) a hydroenergy system;
- 50 (G) a passive solar system; or
- 51 (H) a wind system;
- 52 (ii) located in the state; and
- 53 (iii) used:
- 54 (A) to supply energy to a commercial unit; or
- 55 (B) as a commercial enterprise.
- 56 (e) "Commercial enterprise" means an entity, the purpose of which is to produce:
- 57 (i) electrical, mechanical, or thermal energy for sale from a commercial energy
- 58 system; or
- 59 (ii) hydrogen for sale from a hydrogen production system.
- 60 (f)(i) "Commercial unit" means a building or structure that an entity uses to transact
- 61 business.
- 62 (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, 2035.
- 131 (3)(a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a

- 132 nonrefundable tax credit under this Subsection (3) with respect to a residential unit  
133 the taxpayer owns or uses if:
- 134 (i) the taxpayer:
- 135 (A) purchases and completes a residential energy system to supply all or part of  
136 the energy required for the residential unit; or
- 137 (B) participates in the financing of a residential energy system to supply all or part  
138 of the energy required for the residential unit; and
- 139 (ii) the taxpayer obtains a written certification from the office in accordance with  
140 Subsection (8).
- 141 (b)(i) Subject to Subsections (3)(b)(ii) through (iv) and, as applicable, Subsection  
142 (3)(c) or (d), the tax credit is equal to 25% of the reasonable costs of each  
143 residential energy system installed with respect to each residential unit the  
144 taxpayer owns or uses.
- 145 (ii) A tax credit under this Subsection (3) may include installation costs.
- 146 (iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year  
147 in which the residential energy system is completed and placed in service.
- 148 (iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax  
149 liability under this chapter for a taxable year, the taxpayer may carry forward the  
150 amount of the tax credit exceeding the liability for a period that does not exceed  
151 the next four taxable years.
- 152 (c) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a  
153 residential energy system, other than a photovoltaic system, may not exceed \$2,000  
154 per residential unit.
- 155 (d) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a  
156 photovoltaic system may not exceed:
- 157 (i) for a system installed on or after January 1, 2018, but on or before December 31,  
158 2020, \$1,600;
- 159 (ii) for a system installed on or after January 1, 2021, but on or before December 31,  
160 2021, \$1,200;
- 161 (iii) for a system installed on or after January 1, 2022, but on or before December 31,  
162 2022, \$800;
- 163 (iv) for a system installed on or after January 1, 2023, but on or before December 31,  
164 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.
- 233 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial

- 234 unit may claim a tax credit under this Subsection (5) if the taxpayer confirms that the  
235 lessor irrevocably elects not to claim the tax credit.
- 236 (6)(a) Subject to the other provisions of this Subsection (6), a taxpayer may claim a  
237 refundable tax credit as provided in this Subsection (6) if:
- 238 (i) the taxpayer owns a commercial energy system that uses solar equipment capable  
239 of producing a total of 660 or more kilowatts of electricity;
  - 240 (ii)(A) the commercial energy system supplies all or part of the energy required by  
241 commercial units owned or used by the taxpayer; or  
242 (B) the taxpayer sells all or part of the energy produced by the commercial energy  
243 system as a commercial enterprise;
  - 244 (iii) the taxpayer does not claim a tax credit under Subsection (4) and has not claimed  
245 and will not claim a tax credit under Subsection (7) for hydrogen production using  
246 electricity for which a taxpayer claims a tax credit under this Subsection (6); and
  - 247 (iv) the taxpayer obtains a written certification from the office in accordance with  
248 Subsection (8).
- 249 (b)(i) Subject to Subsection (6)(b)(ii), a tax credit under this Subsection (6) is equal  
250 to the product of:
- 251 (A) 0.35 cents; and
  - 252 (B) the kilowatt hours of electricity produced and used or sold during the taxable  
253 year.
- 254 (ii) A taxpayer is eligible to claim a tax credit under this Subsection (6) for  
255 production occurring during a period of 48 months beginning with the month in  
256 which the commercial energy system is placed in commercial service.
- 257 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial  
258 unit may claim a tax credit under this Subsection (6) if the taxpayer confirms that the  
259 lessor irrevocably elects not to claim the tax credit.
- 260 (7)(a) A taxpayer may claim a refundable tax credit as provided in this Subsection (7) if:
- 261 (i) the taxpayer owns a hydrogen production system;
  - 262 (ii) the hydrogen production system is completed and placed in service on or after  
263 January 1, 2022;
  - 264 (iii) the taxpayer sells as a commercial enterprise, or supplies for the taxpayer's own  
265 use in commercial units, the hydrogen produced from the hydrogen production  
266 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.
- 301 (d) A taxpayer that obtains a written certification from the office shall retain the

302 certification for the same time period a person is required to keep books and records  
303 under Section 59-1-1406.

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

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

307 (ii) for each taxpayer:

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

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

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

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

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

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

318 **59-10-1014 . Nonrefundable clean energy systems tax credits -- Definitions --**  
319 **Certification -- Rulemaking authority.**

320 (1) As used in this section:

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

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

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

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

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

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

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

332 (c) "Direct use geothermal system" means a system of apparatus and equipment that

333 enables the direct use of geothermal energy to meet energy needs, including heating a  
334 building, an industrial process, and aquaculture.

335 (d) "Geothermal electricity" means energy that is:

- 336 (i) contained in heat that continuously flows outward from the earth; and  
337 (ii) used as a sole source of energy to produce electricity.
- 338 (e) "Geothermal energy" means energy generated by heat that is contained in the earth.
- 339 (f) "Geothermal heat pump system" means a system of apparatus and equipment that:  
340 (i) enables the use of thermal properties contained in the earth at temperatures well  
341 below 100 degrees Fahrenheit; and  
342 (ii) helps meet heating and cooling needs of a structure.
- 343 (g) "Hydroenergy system" means a system of apparatus and equipment that is capable of:  
344 (i) intercepting and converting kinetic water energy into electrical or mechanical  
345 energy; and  
346 (ii) transferring this form of energy by separate apparatus to the point of use or  
347 storage.
- 348 (h) "Office" means the Office of Energy Development created in Section 79-6-401.
- 349 (i)(i) "Passive solar system" means a direct thermal system that utilizes the structure  
350 of a building and its operable components to provide for collection, storage, and  
351 distribution of heating or cooling during the appropriate times of the year by  
352 utilizing the climate resources available at the site.  
353 (ii) "Passive solar system" includes those portions and components of a building that  
354 are expressly designed and required for the collection, storage, and distribution of  
355 solar energy.
- 356 (j) "Photovoltaic system" means an active solar system that generates electricity from  
357 sunlight.
- 358 (k)(i) "Principal recovery portion" means the portion of a lease payment that  
359 constitutes the cost a person incurs in acquiring a residential energy system.  
360 (ii) "Principal recovery portion" does not include:  
361 (A) an interest charge; or  
362 (B) a maintenance expense.
- 363 (l) "Residential energy system" means the following used to supply energy to or for a  
364 residential unit:  
365 (i) an active solar system;  
366 (ii) a biomass system;  
367 (iii) a direct use geothermal system;  
368 (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, 2035.
- 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  
403 energy system installed with respect to each residential unit the claimant, estate, or

- 404 trust owns or uses; and
- 405 (ii) \$2,000.
- 406 (b) Subject to Subsection (5)(d), for a residential energy system that is a photovoltaic
- 407 system, the tax credit described in this section is equal to the lesser of:
- 408 (i) 25% of the reasonable costs, including installation costs, of each system installed
- 409 with respect to each residential unit the claimant, estate, or trust owns or uses; or
- 410 (ii)(A) for a system installed on or after January 1, 2007, but on or before
- 411 December 31, 2017, \$2,000;
- 412 (B) for a system installed on or after January 1, 2018, but on or before December
- 413 31, 2020, \$1,600;
- 414 (C) for a system installed on or after January 1, 2021, but on or before December
- 415 31, 2021, \$1,200;
- 416 (D) for a system installed on or after January 1, 2022, but on or before December
- 417 31, 2022, \$800;
- 418 (E) for a system installed on or after January 1, 2023, but on or before December
- 419 31, 2023, \$400; and
- 420 (F) for a system installed on or after January 1, 2024, \$0.
- 421 (c)(i) The office shall determine the amount of the tax credit that a claimant, estate, or
- 422 trust may claim and list that amount on the written certification that the office
- 423 issues under Subsection (5).
- 424 (ii) The claimant, estate, or trust may claim the tax credit in the amount listed on the
- 425 written certification that the office issues under Subsection (5).
- 426 (d) A claimant, estate, or trust may claim a tax credit under Subsection (3) for the
- 427 taxable year in which the residential energy system is installed.
- 428 (e) If the amount of a tax credit listed on the written certification exceeds a claimant's,
- 429 estate's, or trust's tax liability under this chapter for a taxable year, the claimant,
- 430 estate, or trust may carry forward the amount of the tax credit exceeding the liability
- 431 for a period that does not exceed the next four taxable years.
- 432 (f) A claimant, estate, or trust may claim a tax credit with respect to additional
- 433 residential energy systems or parts of residential energy systems for a subsequent
- 434 taxable year if the total amount of tax credit the claimant, estate, or trust claims does
- 435 not exceed \$2,000 per residential unit.
- 436 (g)(i) Subject to Subsections (4)(g)(ii) and (iii), a claimant, estate, or trust that leases
- 437 a residential energy system installed on a residential unit may claim a tax credit

- 438 under Subsection (3) if the claimant, estate, or trust confirms that the lessor  
439 irrevocably elects not to claim the tax credit.
- 440 (ii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a  
441 residential energy system may claim as a tax credit under Subsection (3) only the  
442 principal recovery portion of the lease payments.
- 443 (iii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a  
444 residential energy system may claim a tax credit under Subsection (3) for a period  
445 that does not exceed seven taxable years after the date the lease begins, as stated  
446 in the lease agreement.
- 447 (h) If a claimant, estate, or trust sells a residential unit to another person before the  
448 claimant, estate, or trust claims the tax credit under Subsection (3):
- 449 (i) the claimant, estate, or trust may assign the tax credit to the other person; and  
450 (ii)(A) if the other person files a return under Chapter 7, Corporate Franchise and  
451 Income Taxes, the other person may claim the tax credit as if the other person  
452 had met the requirements of Section 59-7-614 to claim the tax credit; or  
453 (B) if the other person files a return under this chapter, the other person may claim  
454 the tax credit under this section as if the other person had met the requirements  
455 of this section to claim the tax credit.
- 456 (5)(a) Before a claimant, estate, or trust may claim a tax credit under this section, the  
457 claimant, estate, or trust shall obtain a written certification from the office.
- 458 (b) The office shall issue a claimant, estate, or trust a written certification if the office  
459 determines that:
- 460 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax  
461 credit; and  
462 (ii) the office determines that the residential energy system with respect to which the  
463 claimant, estate, or trust seeks to claim a tax credit:
- 464 (A) has been completely installed;  
465 (B) is a viable system for saving or producing energy from clean resources; and  
466 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential  
467 energy system uses the state's renewable and nonrenewable energy resources in  
468 an appropriate and economic manner.
- 469 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
470 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.
- 505 (i) "Geothermal heat pump system" means the same as that term is defined in Section

- 506 59-10-1014.
- 507 (j) "Hydroenergy system" means the same as that term is defined in Section 59-10-1014.
- 508 (k) "Hydrogen production system" means the same as that term is defined in Section
- 509 59-7-614.
- 510 (l) "Office" means the Office of Energy Development created in Section 79-6-401.
- 511 (m) "Passive solar system" means the same as that term is defined in Section 59-10-1014.
- 512 (n) "Principal recovery portion" means the same as that term is defined in Section
- 513 59-10-1014.
- 514 (o) "Wind system" means the same as that term is defined in Section 59-10-1014.
- 515 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in this
- 516 section against a tax due under this chapter for [~~a taxable year~~] an energy system that is
- 517 completed and placed in service before January 1, 2035.
- 518 (3)(a) Subject to the other provisions of this Subsection (3), a claimant, estate, or trust
- 519 may claim a refundable tax credit under this Subsection (3) with respect to a
- 520 commercial energy system if:
- 521 (i) the commercial energy system does not use:
- 522 (A) wind, geothermal electricity, solar, or biomass equipment capable of
- 523 producing a total of 660 or more kilowatts of electricity; or
- 524 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;
- 525 (ii) the claimant, estate, or trust purchases or participates in the financing of the
- 526 commercial energy system;
- 527 (iii)(A) the commercial energy system supplies all or part of the energy required
- 528 by commercial units owned or used by the claimant, estate, or trust; or
- 529 (B) the claimant, estate, or trust sells all or part of the energy produced by the
- 530 commercial energy system as a commercial enterprise;
- 531 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under
- 532 Subsection (6) for hydrogen production using electricity for which the claimant,
- 533 estate, or trust claims a tax credit under this Subsection (3); and
- 534 (v) the claimant, estate, or trust obtains a written certification from the office in
- 535 accordance with Subsection (7).
- 536 (b)(i) Subject to Subsections (3)(b)(ii) through (iv), the tax credit is equal to 10% of
- 537 the reasonable costs of the commercial energy system.
- 538 (ii) A tax credit under this Subsection (3) may include installation costs.
- 539 (iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection



540 (3) for the taxable year in which the commercial energy system is completed and  
541 placed in service.

542 (iv) The total amount of tax credit a claimant, estate, or trust may claim under this  
543 Subsection (3) may not exceed \$50,000 per commercial unit.

544 (c)(i) Subject to Subsections (3)(c)(ii) and (iii), a claimant, estate, or trust that is a  
545 lessee of a commercial energy system installed on a commercial unit may claim a  
546 tax credit under this Subsection (3) if the claimant, estate, or trust confirms that  
547 the lessor irrevocably elects not to claim the tax credit.

548 (ii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim as a tax  
549 credit under this Subsection (3) only the principal recovery portion of the lease  
550 payments.

551 (iii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim a tax  
552 credit under this Subsection (3) for a period that does not exceed seven taxable  
553 years after the day on which the lease begins, as stated in the lease agreement.

554 (4)(a) Subject to the other provisions of this Subsection (4), a claimant, estate, or trust  
555 may claim a refundable tax credit under this Subsection (4) with respect to a  
556 commercial energy system if:

557 (i) the commercial energy system uses wind, geothermal electricity, or biomass  
558 equipment capable of producing a total of 660 or more kilowatts of electricity;

559 (ii)(A) the commercial energy system supplies all or part of the energy required by  
560 commercial units owned or used by the claimant, estate, or trust; or

561 (B) the claimant, estate, or trust sells all or part of the energy produced by the  
562 commercial energy system as a commercial enterprise;

563 (iii) the claimant, estate, or trust has not claimed and will not claim a tax credit under  
564 Subsection (6) for hydrogen production using electricity for which the claimant,  
565 estate, or trust claims a tax credit under this Subsection (4); and

566 (iv) the claimant, estate, or trust obtains a written certification from the office in  
567 accordance with Subsection (7).

568 (b)(i) Subject to Subsection (4)(b)(ii), a tax credit under this Subsection (4) is equal  
569 to the product of:

570 (A) 0.35 cents; and

571 (B) the kilowatt hours of electricity produced and used or sold during the taxable  
572 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:
- 641 (i) for determining whether a commercial energy system or a hydrogen production

- 642 system meets the requirements of Subsection (7)(b)(ii); and  
643 (ii) for purposes of a tax credit under Subsection (3), establishing the reasonable costs  
644 of a commercial energy system, as an amount per unit of energy production.
- 645 (d) A claimant, estate, or trust that obtains a written certification from the office shall  
646 retain the certification for the same time period a person is required to keep books  
647 and records under Section 59-1-1406.
- 648 (e) The office shall submit to the commission an electronic list that includes:  
649 (i) the name and identifying information of each claimant, estate, or trust to which the  
650 office issues a written certification; and  
651 (ii) for each claimant, estate, or trust:  
652 (A) the amount of the tax credit listed on the written certification; and  
653 (B) the date the commercial energy system or the hydrogen production system  
654 was installed.
- 655 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
656 commission may make rules to address the certification of a tax credit under this section.
- 657 (9) A tax credit under this section is in addition to any tax credits provided under the laws  
658 or rules and regulations of the United States.
- 659 (10) A purchaser of one or more solar units that claims a tax credit under Section  
660 59-10-1024 for the purchase of the one or more solar units may not claim a tax credit  
661 under this section for that purchase.
- 662 (11) A claimant, estate, or trust may not claim or carry forward a tax credit described in this  
663 section in a taxable year during which the claimant, estate, or trust claims or carries  
664 forward a tax credit under Section 59-10-1029.

665 Section 4. **Repealer.**

666 This bill repeals:

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

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

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

670 Section 5. **Effective Date.**

671 This bill takes effect on May 7, 2025.

672 Section 6. **Retrospective operation.**

673 This bill has retrospective operation for a taxable year beginning on or after January 1,  
674 2025.