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**TAX CREDITS FOR ALTERNATE POWER  
GENERATION**

2007 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Howard A. Stephenson**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends and extends the renewable energy tax credit.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ extends the availability of the renewable energy tax credit until 2012;
- ▶ expands the renewable energy tax credit to include some geothermal sources;
- ▶ makes the renewable energy tax credit on commercial energy systems a refundable credit;
- ▶ changes the calculation of the tax credit for commercial energy systems;
- ▶ removes language reimbursing the Uniform School Fund for renewable energy tax credits taken; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.

**Utah Code Sections Affected:**

AMENDS:



28 **59-10-1014**, as renumbered and amended by Chapter 223, Laws of Utah 2006

29 ENACTS:

30 **59-10-1106**, Utah Code Annotated 1953

31 REPEALS AND REENACTS:

32 **59-7-614**, as last amended by Chapter 223, Laws of Utah 2006



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

35 Section 1. Section **59-7-614** is repealed and reenacted to read:

36 **59-7-614. Renewable energy systems tax credit -- Definitions -- Limitations --**  
37 **State tax credit in addition to allowable federal credits -- Certification -- Rulemaking**  
38 **authority -- Reimbursement of Uniform School Fund.**

39 (1) As used in this section:

40 (a) "Active solar system":

41 (i) means a system of equipment capable of collecting and converting incident solar  
42 radiation into thermal, mechanical, or electrical energy, and transferring these forms of energy  
43 by a separate apparatus to storage or to the point of use; and

44 (ii) includes water heating, space heating or cooling, and electrical or mechanical  
45 energy generation.

46 (b) "Biomass system" means any system of apparatus and equipment for use in  
47 converting material into biomass energy, as defined in Section 59-12-102, and transporting that  
48 energy by separate apparatus to the point of use or storage.

49 (c) "Business entity" means any sole proprietorship, estate, trust, partnership,  
50 association, corporation, cooperative, or other entity under which business is conducted or  
51 transacted.

52 (d) "Commercial energy system" means any active solar, passive solar, geothermal  
53 electricity, direct-use geothermal, geothermal heat-pump system, wind, hydroenergy, or  
54 biomass system used to supply energy to a commercial unit or as a commercial enterprise.

55 (e) "Commercial enterprise" means a business entity whose purpose is to produce  
56 electrical, mechanical, or thermal energy for sale from a commercial energy system.

57 (f) (i) "Commercial unit" means any building or structure that a business entity uses to  
58 transact its business except as provided in Subsection (1)(f)(ii); and

59 (ii) (A) in the case of an active solar system used for agricultural water pumping or a  
60 wind system, each individual energy generating device shall be a commercial unit; and

61 (B) if an energy system is the building or structure that a business entity uses to  
62 transact its business, a commercial unit is the complete energy system itself.

63 (g) "Direct-use geothermal system" means a system of apparatus and equipment  
64 enabling the direct use of thermal energy, generally between 100 and 300 degrees Fahrenheit,  
65 that is contained in the earth to meet energy needs, including heating a building, an industrial  
66 process, and aquaculture.

67 (h) "Geothermal electricity" means energy contained in heat that continuously flows  
68 outward from the earth that is used as a sole source of energy to produce electricity.

69 (i) "Geothermal heat-pump system" means a system of apparatus and equipment  
70 enabling the use of thermal properties contained in the earth at temperatures well below 100  
71 degrees Fahrenheit to help meet heating and cooling needs of a structure.

72 (j) "Hydroenergy system" means a system of apparatus and equipment capable of  
73 intercepting and converting kinetic water energy into electrical or mechanical energy and  
74 transferring this form of energy by separate apparatus to the point of use or storage.

75 (k) "Individual taxpayer" means any person who is a taxpayer as defined in Section  
76 59-10-103 and an individual as defined in Section 59-10-103.

77 (l) "Passive solar system":

78 (i) means a direct thermal system that utilizes the structure of a building and its  
79 operable components to provide for collection, storage, and distribution of heating or cooling  
80 during the appropriate times of the year by utilizing the climate resources available at the site;  
81 and

82 (ii) includes those portions and components of a building that are expressly designed  
83 and required for the collection, storage, and distribution of solar energy.

84 (m) "Residential energy system" means any active solar, passive solar, biomass,  
85 direct-use geothermal, geothermal heat-pump system, wind, or hydroenergy system used to  
86 supply energy to or for any residential unit.

87 (n) "Residential unit" means any house, condominium, apartment, or similar dwelling  
88 unit that serves as a dwelling for a person, group of persons, or a family but does not include  
89 property subject to a fee under:

90 (i) Section 59-2-404;

91 (ii) Section 59-2-405;

92 (iii) Section 59-2-405.1;

93 (iv) Section 59-2-405.2; or

94 (v) Section 59-2-405.3.

95 (o) "Utah Geological Survey" means the Utah Geological Survey established in Section  
96 63-73-5.

97 (p) "Wind system" means a system of apparatus and equipment capable of intercepting  
98 and converting wind energy into mechanical or electrical energy and transferring these forms of  
99 energy by a separate apparatus to the point of use or storage.

100 (2) (a) (i) For taxable years beginning on or after January 1, 2007, but beginning on or  
101 before December 31, 2012, a business entity that purchases and completes or participates in the  
102 financing of a residential energy system to supply all or part of the energy required for a  
103 residential unit owned or used by the business entity and situated in Utah is entitled to a tax  
104 credit as provided in this Subsection (2)(a).

105 (ii) (A) A business entity is entitled to a tax credit equal to 25% of the costs of a  
106 residential energy system installed with respect to each residential unit it owns or uses,  
107 including installation costs, against any tax due under this chapter for the taxable year in which  
108 the energy system is completed and placed in service.

109 (B) The total amount of the credit under this Subsection (2)(a) may not exceed \$2,000  
110 per residential unit, except that the credit may not exceed \$1,000 per residential unit for a  
111 geothermal heat-pump system.

112 (C) The credit under this Subsection (2)(a) is allowed for any residential energy system  
113 completed and placed in service on or after January 1, 2007, but on or before December 31,  
114 2012.

115 (iii) If a business entity sells a residential unit to an individual taxpayer before making  
116 a claim for the tax credit under this Subsection (2)(a), the business entity may:

117 (A) assign its right to this tax credit to the individual taxpayer; and

118 (B) if the business entity assigns its right to the tax credit to an individual taxpayer  
119 under Subsection (2)(a)(iii)(A), the individual taxpayer may claim the tax credit as if the  
120 individual taxpayer had completed or participated in the costs of the residential energy system

121 under Section 59-10-1014.

122 (b) (i) For taxable years beginning on or after January 1, 2007, but beginning on or  
123 before December 31, 2012, a business entity that purchases or participates in the financing of a  
124 commercial energy system is entitled to a refundable tax credit as provided in this Subsection  
125 (2)(b) if:

126 (A) the commercial energy system supplies all or part of the energy required by  
127 commercial units owned or used by the business entity; or

128 (B) the business entity sells all or part of the energy produced by the commercial  
129 energy system as a commercial enterprise.

130 (ii) (A) A business entity is entitled to a tax credit under this section equal to the  
131 product of:

132 (I) 0.35 cents; and

133 (II) the kilowatt hours of electricity produced and either used or sold during the taxable  
134 year.

135 (B) (I) The credit calculated under Subsection (2)(b)(ii)(A) may be claimed in each of  
136 the four years beginning with the year in which the commercial energy system is completed and  
137 placed in service.

138 (II) Notwithstanding Subsection (2)(c)(iii), the credit allowed by this Subsection (2)(b)  
139 for each year may not be carried forward or carried back.

140 (C) The credit under this Subsection (2)(b) is allowed for any commercial energy  
141 system completed and placed in service on or after January 1, 2007, but on or before December  
142 31, 2012.

143 (iii) A business entity that leases a commercial energy system installed on a  
144 commercial unit is eligible for the tax credit under this Subsection (2)(b) if the lessee can  
145 confirm that the lessor irrevocably elects not to claim the credit.

146 (iv) Only the principal recovery portion of the lease payments, which is the cost  
147 incurred by a business entity in acquiring a commercial energy system, excluding interest  
148 charges and maintenance expenses, is eligible for the tax credit under this Subsection (2)(b).

149 (c) (i) A tax credit under this section may be claimed for the taxable year in which the  
150 energy system is completed and placed in service.

151 (ii) Additional energy systems or parts of energy systems may be claimed for

152 subsequent years.

153 (iii) If the amount of a tax credit under this section exceeds a business entity's tax  
154 liability under this chapter for a taxable year, the amount of the credit exceeding the liability  
155 may be carried over for a period which does not exceed the next four taxable years.

156 (3) (a) The tax credits provided for under Subsection (2) are in addition to any tax  
157 credits provided under the laws or rules and regulations of the United States.

158 (b) (i) The Utah Geological Survey may set standards for residential and commercial  
159 energy systems that cover the safety, reliability, efficiency, leasing, and technical feasibility of  
160 the systems to ensure that the systems eligible for the tax credit use the state's renewable and  
161 nonrenewable energy resources in an appropriate and economic manner.

162 (ii) A tax credit may not be taken under Subsection (2) until the Utah Geological  
163 Survey has certified that the energy system has been completely installed and is a viable system  
164 for saving or production of energy from renewable resources.

165 (c) The Utah Geological Survey and the commission may make rules in accordance  
166 with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, that are necessary to  
167 implement this section.

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

169 **59-10-1014. Renewable energy systems tax credit -- Definitions -- Limitations --**  
170 **State tax credit in addition to allowable federal credits -- Certification -- Rulemaking**  
171 **authority -- Reimbursement of Uniform School Fund.**

172 (1) As used in this part:

173 (a) "Active solar system":

174 (i) means a system of equipment capable of collecting and converting incident solar  
175 radiation into thermal, mechanical, or electrical energy, and transferring these forms of energy  
176 by a separate apparatus to storage or to the point of use; and

177 (ii) includes water heating, space heating or cooling, and electrical or mechanical  
178 energy generation.

179 (b) "Biomass system" means any system of apparatus and equipment [~~capable of~~  
180 ~~converting organic plant, wood, or waste products into electrical and thermal energy and~~  
181 ~~transferring these forms of energy by a separate apparatus to the point of use or storage] for use  
182 in converting material into biomass energy, as defined in Section 59-12-102, and transporting~~

183 that energy by separate apparatus to the point of use or storage.

184 (c) "Business entity" means any entity under which business is conducted or transacted.

185 ~~[(d) "Commercial energy system" means any active solar, passive solar, wind,~~  
186 ~~hydroenergy, or biomass system used to supply energy to a commercial unit or as a commercial~~  
187 ~~enterprise.]~~

188 ~~[(e) "Commercial enterprise" means a business entity whose purpose is to produce~~  
189 ~~electrical, mechanical, or thermal energy for sale from a commercial energy system.]~~

190 ~~[(f) (i) "Commercial unit" means any building or structure which that a business entity~~  
191 ~~uses to transact its business, except as provided in Subsection (1)(f)(ii); and]~~

192 ~~[(ii) (A) in the case of an active solar system used for agricultural water pumping or a~~  
193 ~~wind system, each individual energy generating device shall be a commercial unit; and]~~

194 ~~[(B) if an energy system is the building or structure which a business entity uses to~~  
195 ~~transact its business, a commercial unit is the complete energy system itself.]~~

196 (d) "Direct-use geothermal system" means a system of apparatus and equipment  
197 enabling the direct use of thermal energy, generally between 100 and 300 degrees Fahrenheit,  
198 that is contained in the earth to meet energy needs, including heating a building, an industrial  
199 process, and aquaculture.

200 (e) "Geothermal electricity" means energy contained in heat that continuously flows  
201 outward from the earth that is used as a sole source of energy to produce electricity.

202 (f) "Geothermal heat-pump system" means a system of apparatus and equipment  
203 enabling the use of thermal properties contained in the earth at temperatures well below 100  
204 degrees Fahrenheit to help meet heating and cooling needs of a structure.

205 (g) "Hydroenergy system" means a system of apparatus and equipment capable of  
206 intercepting and converting kinetic water energy into electrical or mechanical energy and  
207 transferring this form of energy by separate apparatus to the point of use or storage.

208 (h) "Passive solar system":

209 (i) means a direct thermal system [~~which~~] that utilizes the structure of a building and its  
210 operable components to provide for collection, storage, and distribution of heating or cooling  
211 during the appropriate times of the year by utilizing the climate resources available at the site;  
212 and

213 (ii) includes those portions and components of a building that are expressly designed

214 and required for the collection, storage, and distribution of solar energy.

215 (i) "Residential energy system" means any active solar, passive solar, biomass,  
216 direct-use geothermal, geothermal heat-pump system, wind, or hydroenergy system used to  
217 supply energy to or for any residential unit.

218 (j) "Residential unit" means any house, condominium, apartment, or similar dwelling  
219 unit ~~[which]~~ that serves as a dwelling for a person, group of persons, or a family but does not  
220 include property subject to a fee under:

- 221 (i) Section 59-2-404;
- 222 (ii) Section 59-2-405;
- 223 (iii) Section 59-2-405.1;
- 224 (iv) Section 59-2-405.2; or
- 225 (v) Section 59-2-405.3.

226 (k) "Utah Geological Survey" means the Utah Geological Survey established in Section  
227 63-73-5.

228 (l) "Wind system" means a system of apparatus and equipment capable of intercepting  
229 and converting wind energy into mechanical or electrical energy and transferring these forms of  
230 energy by a separate apparatus to the point of use or storage.

231 (2) For taxable years beginning on or after January 1, ~~[2004]~~ 2007, but beginning on or  
232 before December 31, ~~[2006]~~ 2012, a claimant, estate, or trust may claim a nonrefundable tax  
233 credit as provided in this section if:

234 (a) a claimant, estate, or trust that is not a business entity purchases and completes or  
235 participates in the financing of a residential energy system to supply all or part of the energy for  
236 the claimant's, estate's, or trust's residential unit in the state; or

237 (b) (i) a claimant, estate, or trust that is a business entity sells a residential unit to  
238 another claimant, estate, or trust that is not a business entity ~~[prior to]~~ before making a claim  
239 for a tax credit under Subsection (6) or Section 59-7-614; and

240 (ii) the claimant, estate, or trust that is a business entity assigns its right to the tax credit  
241 to the claimant, estate, or trust that is not a business entity as provided in Subsection (6)(c) or  
242 Subsection 59-7-614(2)(a)(iii).

243 (3) (a) The tax credit described in Subsection (2) is equal to 25% of the costs of the  
244 energy system, including installation costs, against any income tax liability of the claimant,



245 estate, or trust under this chapter for the taxable year in which the residential energy system is  
246 completed and placed in service.

247 (b) The total amount of the tax credit under this section may not exceed \$2,000 per  
248 residential unit, except that the credit may not exceed \$1,000 per residential unit for a  
249 geothermal heat-pump system.

250 (c) The tax credit under this section is allowed for any residential energy system  
251 completed and placed in service on or after January 1, [~~2007~~] 2007, but on or before December  
252 31, [~~2006~~] 2012.

253 (4) (a) The tax credit provided for in this section shall be claimed in the return for the  
254 taxable year in which the energy system is completed and placed in service.

255 (b) Additional residential energy systems or parts of residential energy systems may be  
256 similarly claimed in returns for subsequent taxable years as long as the total amount claimed  
257 does not exceed \$2,000 per residential unit.

258 (c) If the amount of the tax credit under this section exceeds the income tax liability of  
259 the claimant, estate, or trust claiming the tax credit under this section for that taxable year, then  
260 the amount not used may be carried over for a period [~~which~~] that does not exceed the next  
261 four taxable years.

262 (5) (a) A claimant, estate, or trust that is not a business entity that leases a residential  
263 energy system installed on a residential unit is eligible for the residential energy tax credits if  
264 that claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the tax  
265 credit.

266 (b) Only the principal recovery portion of the lease payments, which is the cost  
267 incurred by the claimant, estate, or trust in acquiring the residential energy system excluding  
268 interest charges and maintenance expenses, is eligible for the tax credits.

269 (c) A claimant, estate, or trust described in this Subsection (5) may use the tax credits  
270 for a period that does not exceed seven years from the initiation of the lease.

271 (6) (a) A claimant, estate, or trust that is a business entity that purchases and completes  
272 or participates in the financing of a residential energy system to supply all or part of the energy  
273 required for a residential unit owned or used by the claimant, estate, or trust that is a business  
274 entity and situated in Utah is entitled to a nonrefundable tax credit as provided in this  
275 Subsection (6).

276 (b) (i) For taxable years beginning on or after January 1, ~~[2007]~~ 2007, but beginning on  
277 or before December 31, ~~[2006]~~ 2012, a claimant, estate, or trust that is a business entity is  
278 entitled to a tax credit equal to 25% of the costs of a residential energy system installed with  
279 respect to each residential unit it owns or uses, including installation costs, against any tax due  
280 under this chapter for the taxable year in which the energy system is completed and placed in  
281 service.

282 (ii) The total amount of the tax credit under this Subsection (6) may not exceed \$2,000  
283 per residential unit.

284 (iii) The tax credit under this Subsection (6) is allowed for any residential energy  
285 system completed and placed in service on or after January 1, ~~[2007]~~ 2007, but on or before  
286 December 31, ~~[2006]~~ 2012.

287 (c) If a claimant, estate, or trust that is a business entity sells a residential unit to a  
288 claimant, estate, or trust that is not a business entity ~~[prior to]~~ before making a claim for the tax  
289 credit under this Subsection (6), the claimant, estate, or trust that is a business entity may:

290 (i) assign its right to this tax credit to the claimant, estate, or trust that is not a business  
291 entity; and

292 (ii) if the claimant, estate, or trust that is a business entity assigns its right to the tax  
293 credit to a claimant, estate, or trust that is not a business entity under Subsection (6)(c)(i), the  
294 claimant, estate, or trust that is not a business entity may claim the tax credit as if that claimant,  
295 estate, or trust that is not a business entity had completed or participated in the costs of the  
296 residential energy system under this section.

297 ~~[(7) (a) A claimant, estate, or trust that is a business entity that purchases or  
298 participates in the financing of a commercial energy system is entitled to a nonrefundable tax  
299 credit as provided in this Subsection (7) if:]~~

300 ~~[(i) the commercial energy system supplies all or part of the energy required by  
301 commercial units owned or used by the claimant, estate, or trust that is a business entity; or]~~

302 ~~[(ii) the claimant, estate, or trust that is a business entity sells all or part of the energy  
303 produced by the commercial energy system as a commercial enterprise.]~~

304 ~~[(b) (i) A claimant, estate, or trust that is a business entity is entitled to a tax credit  
305 equal to 10% of the costs of any commercial energy system installed, including installation  
306 costs, against any tax due under this chapter for the taxable year in which the commercial~~

307 energy system is completed and placed in service.]

308       [(ii) The total amount of the tax credit under this Subsection (7) may not exceed  
309 \$50,000 per commercial unit.]

310       [(iii) The tax credit under this Subsection (7) is allowed for any commercial energy  
311 system completed and placed in service on or after January 1, 2001, but on or before  
312 December 31, 2006.]

313       [(c) A claimant, estate, or trust that is a business entity that leases a commercial energy  
314 system installed on a commercial unit is eligible for the tax credit under this Subsection (7) if  
315 the claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the tax  
316 credit.]

317       [(d) Only the principal recovery portion of the lease payments, which is the cost  
318 incurred by a claimant, estate, or trust that is not a business entity in acquiring a commercial  
319 energy system, excluding interest charges and maintenance expenses, is eligible for the tax  
320 credit under this Subsection (7).]

321       [(e) A claimant, estate, or trust that is a business entity that leases a commercial energy  
322 system is eligible to use the tax credit under this Subsection (7) for a period that does not  
323 exceed seven years from the initiation of the lease.]

324       [(8)] (7) (a) A tax credit under this section may be claimed for the taxable year in  
325 which the energy system is completed and placed in service.

326       (b) Additional energy systems or parts of energy systems may be claimed for  
327 subsequent years.

328       (c) If the amount of a tax credit under this section exceeds the tax liability of the  
329 claimant, estate, or trust claiming the tax credit under this section for a taxable year, the amount  
330 of the tax credit exceeding the tax liability may be carried over for a period which does not  
331 exceed the next four taxable years.

332       [(9)] (8) The tax credits provided for under this section are in addition to any tax  
333 credits provided under the laws or rules and regulations of the United States.

334       [(10)] (9) (a) The Utah Geological Survey may set standards for residential [and  
335 commercial] energy systems that cover the safety, reliability, efficiency, leasing, and technical  
336 feasibility of the systems to ensure that the systems eligible for the tax credit use the state's  
337 renewable and nonrenewable energy resources in an appropriate and economic manner.

338 (b) A tax credit may not be taken under this section until the Utah Geological Survey  
339 has certified that the energy system has been completely installed and is a viable system for  
340 saving or production of energy from renewable resources.

341 ~~[(H)]~~ (10) The Utah Geological Survey and the commission ~~[are authorized to~~  
342 ~~promulgate]~~ may make rules in accordance with Title 63, Chapter 46a, Utah Administrative  
343 Rulemaking Act, ~~[which]~~ that are necessary to implement this section.

344 ~~[(12) The Uniform School Fund shall be reimbursed by transfers from the General~~  
345 ~~Fund for any tax credits taken under this section.]~~

346 Section 3. Section **59-10-1106** is enacted to read:

347 **59-10-1106. Renewable energy tax credit.**

348 (1) As used in this section:

349 (a) "Active solar system" is as defined in Section 59-10-1014.

350 (b) "Biomass system" is as defined in Section 59-10-1014.

351 (c) "Business entity" is as defined in Section 59-10-1014.

352 (d) "Commercial energy system" means any active solar, passive solar, geothermal  
353 electricity, direct-use geothermal, geothermal heat-pump system, wind, hydroenergy, or  
354 biomass system used to supply energy to a commercial unit or as a commercial enterprise.

355 (e) "Commercial enterprise" means a business entity whose purpose is to produce  
356 electrical, mechanical, or thermal energy for sale from a commercial energy system.

357 (f) (i) "Commercial unit" means any building or structure that a business entity uses to  
358 transact its business except as provided in Subsection (1)(f)(ii); and

359 (ii) (A) in the case of an active solar system used for agricultural water pumping or a  
360 wind system, each individual energy generating device shall be a commercial unit; and

361 (B) if an energy system is the building or structure that a business entity uses to  
362 transact its business, a commercial unit is the complete energy system itself.

363 (g) "Direct-use geothermal system" is as defined in Section 59-10-1014.

364 (h) "Geothermal electricity" is as defined in Section 59-10-1014.

365 (i) "Geothermal heat-pump system" is as defined in Section 59-10-1014.

366 (j) "Hydroenergy system" is as defined in Section 59-10-1014.

367 (k) "Individual taxpayer" means any person who is a taxpayer as defined in Section  
368 59-10-103 and an individual as defined in Section 59-10-103.

- 369           (l) "Passive solar system" is as defined in Section 59-10-1014.
- 370           (m) "Utah Geological Survey" means the Utah Geological Survey established in  
371 Section 63-73-5.
- 372           (n) "Wind system" is as defined in Section 59-10-1014.
- 373           (2) For taxable years beginning on or after January 1, 2007, but beginning on or before  
374 December 31, 2012, a business entity that purchases or participates in the financing of a  
375 commercial energy system is entitled to a refundable tax credit as provided in this section if:
- 376           (a) the commercial energy system supplies all or part of the energy required by  
377 commercial units owned or used by the business entity; or
- 378           (b) the business entity sells all or part of the energy produced by the commercial energy  
379 system as a commercial enterprise.
- 380           (3) A business entity is entitled to a tax credit under this section equal to the product  
381 of:
- 382           (a) 0.35 cents; and
- 383           (b) the kilowatt hours of electricity produced and either used or sold during the taxable  
384 year.
- 385           (4) The credit allowed by this section:
- 386           (a) may be claimed in each of the four years beginning with the year in which the  
387 commercial energy system is completed and placed in service;
- 388           (b) may not be carried forward or back; and
- 389           (c) is allowed for any commercial energy system completed and placed in service on or  
390 after January 1, 2007, but on or before December 31, 2012.
- 391           (5) A business entity that leases a commercial energy system installed on a commercial  
392 unit is eligible for the tax credit under this section if the lessee can confirm that the lessor  
393 irrevocably elects not to claim the credit.
- 394           (6) Only the principal recovery portion of the lease payments, which is the cost  
395 incurred by a business entity in acquiring a commercial energy system, excluding interest  
396 charges and maintenance expenses, is eligible for the tax credit under this section.
- 397           (7) The tax credits provided for under this section are in addition to any tax credits  
398 provided under the laws or rules and regulations of the United States.
- 399           (8) (a) The Utah Geological Survey may set standards for commercial energy systems

400 that cover the safety, reliability, efficiency, leasing, and technical feasibility of the systems to  
401 ensure that the systems eligible for the tax credit use the state's renewable and nonrenewable  
402 energy resources in an appropriate and economic manner.

403 (b) A tax credit may not be taken under this section until the Utah Geological Survey  
404 has certified that the energy system has been completely installed and is a viable system for  
405 saving or production of energy from renewable resources.

406 (9) The Utah Geological Survey and the commission may make rules in accordance  
407 with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, that are necessary to  
408 implement this section.

409 Section 4. **Retrospective operation.**

410 This bill has retrospective operation for taxable years beginning on or after January 1,  
411 2007.

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**Legislative Review Note**  
as of 11-16-06 7:51 AM

**Office of Legislative Research and General Counsel**

**Interim Committee Note**  
as of 12-18-06 12:55 PM

The Revenue and Taxation Interim Committee recommended this bill.