

SENATE BILL NO. 416

INTRODUCED BY WILLIAMS, H. HANSON

IN THE SENATE

FEBRUARY 16, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

MARCH 12, 1991 COMMITTEE RECOMMEND BILL
DO NOT PASS. REPORT ADOPTED.

MARCH 13, 1991 ON MOTION, ADOPTION OF ADVERSE
COMMITTEE REPORT RECONSIDERED.

MARCH 14, 1991 PRINTING REPORT.

 ON MOTION, CONSIDERATION PASSED
UNTIL THE 56TH LEGISLATIVE DAY.

MARCH 15, 1991 ON MOTION, CONSIDERATION PASSED
UNTIL THE 57TH LEGISLATIVE DAY.

MARCH 16, 1991 SECOND READING, DO PASS.
AYES, 20; NOES, 28. MOTION FAILED.

 ON MOTION, INDEFINITELY POSTPONED.

MARCH 18, 1991 ON MOTION, PREVIOUS ACTION
RECONSIDERED.

 ON MOTION, REREFERRED TO COMMITTEE
ON TAXATION.

MARCH 27, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 28, 1991 PRINTING REPORT.

APRIL 1, 1991 SECOND READING, DO PASS.

APRIL 2, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 35; NOES, 15.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

APRIL 2, 1991

INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FIRST READING.

APRIL 13, 1991

COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 16, 1991

SECOND READING, CONCURRED IN.

APRIL 17, 1991

THIRD READING, CONCURRED IN.
AYES, 71; NOES, 29.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 18, 1991

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 19, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Senate BILL NO. 416
2 INTRODUCED BY William H. Hanson

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
5 FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING
6 SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE AND A RETROACTIVE APPLICABILITY DATE."
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 15-32-102, MCA, is amended to read:

11 "15-32-102. Definitions. As used in this part, the
12 following definitions apply:

13 (1) "Building" means a single or multiple dwelling,
14 including a mobile home, or a building used for commercial,
15 industrial, or agricultural purposes, which is enclosed with
16 walls and a roof.

17 (2) "Capital investment" means any material or
18 equipment purchased and installed in a building or land with
19 or without improvements.

20 (3) "Energy conservation purpose" means one or more of
21 the following results of an investment: reducing the waste
22 or dissipation of energy or reducing the amount of energy
23 required to accomplish a given quantity of work.

24 (4) "Geothermal system" means a system that transfers
25 energy either from the ground, by way of a closed loop, or

1 from ground water, by way of an open loop, for the purpose
2 of heating or cooling a residential building.

3 ~~(4)~~(5) "Passive solar system" means a direct thermal
4 energy system that uses the structure of a building and its
5 operable components to provide heating or cooling during the
6 appropriate times of the year by using the climate resources
7 available at the site. It includes only those portions and
8 components of a building that are expressly designed and
9 required for the collection, storage, and distribution of
10 solar energy and that are not standard components of a
11 conventional building.

12 ~~(5)~~(6) "Low emission wood or biomass combustion device"
13 means a stove or furnace or a catalytic converter added to a
14 stove or furnace which burns wood or other nonfossil biomass
15 and which has an emission rate of less than 6 grams per hour
16 when tested in conformance with the standard method for
17 measuring the emissions and efficiencies of residential wood
18 stoves as adopted by the department of health and
19 environmental sciences pursuant to 15-32-203.

20 ~~(6)~~(7) "Recognized nonfossil forms of energy
21 generation" means:

22 (a) a system for the utilization of solar energy
23 including passive solar systems, wind, solid wastes, or the
24 decomposition of organic wastes for capturing energy or
25 converting energy sources into usable sources;



1 (b) a system for the production of electric power from
2 solid wood wastes;

3 (c) a low-emission wood or biomass combustion device;
4 or

5 (d) a small system for the utilization of water power
6 by means of an impoundment not over 20 acres in surface
7 area."

8 NEW SECTION. Section 2. Credit for geothermal system
9 -- to whom available -- eligible costs. (1) A resident
10 individual taxpayer who completes installation of a
11 geothermal system, as defined in 15-32-102, in the
12 taxpayer's principal dwelling is entitled to claim a tax
13 credit in an amount equal to 70% of the installation costs
14 of the system, up to \$3,000.

15 (2) For the purposes of this section, installation
16 costs include the cost of:

17 (a) trenching, well drilling, casing, and downhole heat
18 exchangers;

19 (b) piping, control devices, and pumps that move heat
20 from the earth to heat or cool the building;

21 (c) ground source or ground coupled heat pumps;

22 (d) liquid-to-air heat exchanger, ductwork, and fans
23 installed with a ground heat well that pump heat from a well
24 into a building; and

25 (e) design and labor.

1 NEW SECTION. Section 3. Taxable years in which credit
2 may be claimed -- carryover. The tax credit allowed under
3 [section 2] is deductible from the taxpayer's income tax
4 liability for the taxable year in which the geothermal
5 system was acquired by the taxpayer. If the amount of the
6 tax credit exceeds the taxpayer's income tax liability for
7 the taxable year, the amount that exceeds the tax liability
8 may be carried over for deduction from the taxpayer's income
9 tax liability in the next succeeding taxable year or years
10 until the total amount of the tax credit has been deducted
11 from tax liability. A tax credit may not be carried over for
12 deduction after the fifth taxable year succeeding the
13 taxable year in which the energy system was acquired.

14 NEW SECTION. Section 4. Codification instruction.
15 [Sections 2 and 3] are intended to be codified as an
16 integral part of Title 15, chapter 32, part 1, and the
17 provisions of Title 15, chapter 32, part 1, apply to
18 [sections 2 and 3].

19 NEW SECTION. Section 5. Effective date -- retroactive
20 applicability. [This act] is effective on passage and
21 approval and applies retroactively, within the meaning of
22 1-2-109, to taxable years beginning after December 31, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0416, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing a tax credit for the installation of a geothermal system; and providing an immediate effective date and a retroactive applicability date.


FISCAL IMPACT:

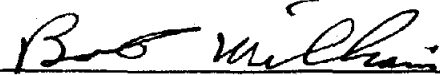
Expenditures:

There is no impact on department administrative expenses.

Revenues:

The bill provides for a tax credit of up to \$3,000 for installation of geothermal systems in residential property. The number of properties with the ability to install geothermal systems is not known, but is assumed to be small resulting in a small impact on total revenues.


ROD SUNDSTED, BUDGET DIRECTOR 2-21-91 DATE
Office of Budget and Program Planning


BOB WILLIAMS, PRIMARY SPONSOR 2/21/91 DATE
Fiscal Note for SB0416, as introduced SB 416

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0416, as introduced, revised.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing a tax credit for the installation of a geothermal system; and providing an immediate effective date and a retroactive applicability date.


FISCAL IMPACT:

Expenditures:

There is no impact on department administrative expenses.

Revenues:

The bill provides for a tax credit of up to \$3,000 for installation of geothermal systems in residential property. At least 50 of these "geothermal systems" have been installed in the state in the last year and a half. The average cost ranges from \$6,500 to \$8,000, which includes the equipment and installation to the duct work in the building. The fiscal impact of the proposal cannot be estimated, although the proposed credit may induce more individuals to install this type of heating system. If 100 taxpayers claimed the credit of \$3,000, the impact to the general fund would be \$300,000 over the proposed five year carryover period.



ROD SUNDSTED, BUDGET DIRECTOR DATE 3-8-91
Office of Budget and Program Planning



BOB WILLIAMS, PRIMARY SPONSOR DATE 3/8/91

Fiscal Note for SB0416, as introduced, revised SB 416
Rev.

TAXATION COMMITTEE
ON MOTION RECONSIDER
ADVERSE COMMITTEE REPORT

1 Senate BILL NO. 416
2 INTRODUCED BY William Hanson

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
5 FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING
6 SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE AND A RETROACTIVE APPLICABILITY DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 15-32-102, MCA, is amended to read:

11 "15-32-102. Definitions. As used in this part, the
12 following definitions apply:

13 (1) "Building" means a single or multiple dwelling,
14 including a mobile home, or a building used for commercial,
15 industrial, or agricultural purposes, which is enclosed with
16 walls and a roof.

17 (2) "Capital investment" means any material or
18 equipment purchased and installed in a building or land with
19 or without improvements.

20 (3) "Energy conservation purpose" means one or more of
21 the following results of an investment: reducing the waste
22 or dissipation of energy or reducing the amount of energy
23 required to accomplish a given quantity of work.

24 (4) "Geothermal system" means a system that transfers
25 energy either from the ground, by way of a closed loop, or

1 from ground water, by way of an open loop, for the purpose
2 of heating or cooling a residential building.

3 ~~(4)~~(5) "Passive solar system" means a direct thermal
4 energy system that uses the structure of a building and its
5 operable components to provide heating or cooling during the
6 appropriate times of the year by using the climate resources
7 available at the site. It includes only those portions and
8 components of a building that are expressly designed and
9 required for the collection, storage, and distribution of
10 solar energy and that are not standard components of a
11 conventional building.

12 ~~(5)~~(6) "Low emission wood or biomass combustion device"
13 means a stove or furnace or a catalytic converter added to a
14 stove or furnace which burns wood or other nonfossil biomass
15 and which has an emission rate of less than 6 grams per hour
16 when tested in conformance with the standard method for
17 measuring the emissions and efficiencies of residential wood
18 stoves as adopted by the department of health and
19 environmental sciences pursuant to 15-32-203.

20 ~~(6)~~(7) "Recognized nonfossil forms of energy
21 generation" means:

22 (a) a system for the utilization of solar energy
23 including passive solar systems, wind, solid wastes, or the
24 decomposition of organic wastes for capturing energy or
25 converting energy sources into usable sources;

1 (b) a system for the production of electric power from
2 solid wood wastes;

3 (c) a low-emission wood or biomass combustion device;
4 or

5 (d) a small system for the utilization of water power
6 by means of an impoundment not over 20 acres in surface
7 area."

8 NEW SECTION. Section 2. Credit for geothermal system
9 -- to whom available -- eligible costs. (1) A resident
10 individual taxpayer who completes installation of a
11 geothermal system, as defined in 15-32-102, in the
12 taxpayer's principal dwelling is entitled to claim a tax
13 credit in an amount equal to 70% of the installation costs
14 of the system, up to \$3,000.

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16 costs include the cost of:

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18 exchangers;

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20 from the earth to heat or cool the building;

21 (c) ground source or ground coupled heat pumps;

22 (d) liquid-to-air heat exchanger, ductwork, and fans
23 installed with a ground heat well that pump heat from a well
24 into a building; and

25 (e) design and labor.

1 NEW SECTION. Section 3. Taxable years in which credit
2 may be claimed -- carryover. The tax credit allowed under
3 [section 2] is deductible from the taxpayer's income tax
4 liability for the taxable year in which the geothermal
5 system was acquired by the taxpayer. If the amount of the
6 tax credit exceeds the taxpayer's income tax liability for
7 the taxable year, the amount that exceeds the tax liability
8 may be carried over for deduction from the taxpayer's income
9 tax liability in the next succeeding taxable year or years
10 until the total amount of the tax credit has been deducted
11 from tax liability. A tax credit may not be carried over for
12 deduction after the fifth taxable year succeeding the
13 taxable year in which the energy system was acquired.

14 NEW SECTION. Section 4. Codification instruction.
15 [Sections 2 and 3] are intended to be codified as an
16 integral part of Title 15, chapter 32, part 1, and the
17 provisions of Title 15, chapter 32, part 1, apply to
18 [sections 2 and 3].

19 NEW SECTION. Section 5. Effective date -- retroactive
20 applicability. [This act] is effective on passage and
21 approval and applies retroactively, within the meaning of
22 1-2-109, to taxable years beginning after December 31, 1990.

-End-

APPROVED BY COMMITTEE
ON TAXATION

AS AMENDED

SENATE BILL NO. 416

INTRODUCED BY WILLIAMS, H. HANSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-32-102, MCA, is amended to read:

"15-32-102. Definitions. As used in this part, the following definitions apply:

(1) "Building" means a single or multiple dwelling, including a mobile home, or a building used for commercial, industrial, or agricultural purposes, which is enclosed with walls and a roof.

(2) "Capital investment" means any material or equipment purchased and installed in a building or land with or without improvements.

(3) "Energy conservation purpose" means one or more of the following results of an investment: reducing the waste or dissipation of energy or reducing the amount of energy required to accomplish a given quantity of work.

(4) "Geothermal system" means a system that transfers energy either from the ground, by way of a closed loop, or

from ground water, by way of an open loop, for the purpose of heating or cooling a residential building.

~~(4)~~(5) "Passive solar system" means a direct thermal energy system that uses the structure of a building and its operable components to provide heating or cooling during the appropriate times of the year by using the climate resources available at the site. It includes only those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy and that are not standard components of a conventional building.

~~(5)~~(6) "Low emission wood or biomass combustion device" means a stove or furnace or a catalytic converter added to a stove or furnace which burns wood or other nonfossil biomass and which has an emission rate of less than 6 grams per hour when tested in conformance with the standard method for measuring the emissions and efficiencies of residential wood stoves as adopted by the department of health and environmental sciences pursuant to 15-32-203.

~~(6)~~(7) "Recognized nonfossil forms of energy generation" means:

(a) a system for the utilization of solar energy including passive solar systems, wind, solid wastes, or the decomposition of organic wastes for capturing energy or converting energy sources into usable sources;

(b) a system for the production of electric power from solid wood wastes;

(c) a low-emission wood or biomass combustion device; or

(d) a small system for the utilization of water power by means of an impoundment not over 20 acres in surface area."

NEW SECTION. Section 2. Credit for geothermal system -- to whom available -- eligible costs -- LIMITATIONS. (1) A resident individual taxpayer who completes installation of a geothermal system, as defined in 15-32-102, in the taxpayer's principal dwelling is entitled to claim a tax credit in an amount equal to 70% AGAINST THE TAXPAYER'S TAX LIABILITY UNDER CHAPTER 30 FOR A PORTION of the installation costs of the system, up to ~~\$3,866~~ \$400. THE CREDIT MAY NOT EXCEED THE TAXPAYER'S INCOME TAX LIABILITY FOR THE TAXABLE YEAR.

(2) For the purposes of this section, installation costs include the cost of:

(a) trenching, well drilling, casing, and downhole heat exchangers;

(b) piping, control devices, and pumps that move heat from the earth to heat or cool the building;

(c) ground source or ground coupled heat pumps;

(d) liquid-to-air heat exchanger, ductwork, and fans

installed with a ground heat well that pump heat from a well into a building; and

(e) design and labor.

(3) THERE IS NO CARRYBACK OR CARRYFORWARD OF THE CREDIT PERMITTED UNDER THIS SECTION, AND THE CREDIT MUST BE APPLIED IN THE YEAR THE INSTALLATION COSTS ARE INCURRED.

NEW SECTION. Section 3. Taxable years in which credit may be claimed -- carryover. The tax credit allowed under [section 2] is deductible from the taxpayer's income tax liability for the taxable year in which the geothermal system was acquired by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount that exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability. A tax credit may not be carried over for deduction after the fifth taxable year succeeding the taxable year in which the energy system was acquired.

NEW SECTION. Section 3. Codification instruction. [Sections SECTION 2 and 3] are IS intended to be codified as an integral part of Title 15, chapter 32, part 1, and the provisions of Title 15, chapter 32, part 1, apply to [sections SECTION 2 and 3].

NEW SECTION. Section 4. Effective date -- retroactive

SB 0416/02

1 applicability. [This act] is effective on passage and
2 approval and applies retroactively, within the meaning of
3 1-2-109, to taxable years beginning after December 31, 1990.

-End-

1 SENATE BILL NO. 416

2 INTRODUCED BY WILLIAMS, H. HANSON

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5 FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING
6 SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
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18 equipment purchased and installed in a building or land with
19 or without improvements.20 (3) "Energy conservation purpose" means one or more of
21 the following results of an investment: reducing the waste
22 or dissipation of energy or reducing the amount of energy
23 required to accomplish a given quantity of work.24 (4) "Geothermal system" means a system that transfers
25 energy either from the ground, by way of a closed loop, or1 from ground water, by way of an open loop, for the purpose
2 of heating or cooling a residential building.3 ~~(4)~~(5) "Passive solar system" means a direct thermal
4 energy system that uses the structure of a building and its
5 operable components to provide heating or cooling during the
6 appropriate times of the year by using the climate resources
7 available at the site. It includes only those portions and
8 components of a building that are expressly designed and
9 required for the collection, storage, and distribution of
10 solar energy and that are not standard components of a
11 conventional building.12 ~~(5)~~(6) "Low emission wood or biomass combustion device"
13 means a stove or furnace or a catalytic converter added to a
14 stove or furnace which burns wood or other nonfossil biomass
15 and which has an emission rate of less than 6 grams per hour
16 when tested in conformance with the standard method for
17 measuring the emissions and efficiencies of residential wood
18 stoves as adopted by the department of health and
19 environmental sciences pursuant to 15-32-203.20 ~~(6)~~(7) "Recognized nonfossil forms of energy
21 generation" means:22 (a) a system for the utilization of solar energy
23 including passive solar systems, wind, solid wastes, or the
24 decomposition of organic wastes for capturing energy or
25 converting energy sources into usable sources;

1 (b) a system for the production of electric power from
2 solid wood wastes;

3 (c) a low-emission wood or biomass combustion device;
4 or

5 (d) a small system for the utilization of water power
6 by means of an impoundment not over 20 acres in surface
7 area."

8 NEW SECTION. Section 2. Credit for geothermal system
9 -- to whom available -- eligible costs -- LIMITATIONS. (1) A
10 resident individual taxpayer who completes installation of a
11 geothermal system, as defined in 15-32-102, in the
12 taxpayer's principal dwelling is entitled to claim a tax
13 credit in-an-amount-equal-to-70% AGAINST THE TAXPAYER'S TAX
14 LIABILITY UNDER CHAPTER 30 FOR A PORTION of the installation
15 costs of the system, up to ~~93,000~~ \$400. THE CREDIT MAY NOT
16 EXCEED THE TAXPAYER'S INCOME TAX LIABILITY FOR THE TAXABLE
17 YEAR.

18 (2) For the purposes of this section, installation
19 costs include the cost of:

20 (a) trenching, well drilling, casing, and downhole heat
21 exchangers;

22 (b) piping, control devices, and pumps that move heat
23 from the earth to heat or cool the building;

24 (c) ground source or ground coupled heat pumps;

25 (d) liquid-to-air heat exchanger, ductwork, and fans

1 installed with a ground heat well that pump heat from a well
2 into a building; and

3 (e) design and labor.

4 (3) THERE IS NO CARRYBACK OR CARRYFORWARD OF THE CREDIT
5 PERMITTED UNDER THIS SECTION, AND THE CREDIT MUST BE APPLIED
6 IN THE YEAR THE INSTALLATION COSTS ARE INCURRED.

7 ~~NEW SECTION. Section 3. Taxable years in which credit~~
8 ~~may be claimed -- carryover. The tax credit allowed under~~
9 ~~{section 2} is deductible from the taxpayer's income tax~~
10 ~~liability for the taxable year in which the geothermal~~
11 ~~system was acquired by the taxpayer, if the amount of the~~
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13 ~~the taxable year, the amount that exceeds the tax liability~~
14 ~~may be carried over for deduction from the taxpayer's income~~
15 ~~tax liability in the next succeeding taxable year or years~~
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20 NEW SECTION. Section 3. Codification instruction.
21 {Sections SECTION 2 and 3} are IS intended to be codified as
22 an integral part of Title 15, chapter 32, part 1, and the
23 provisions of Title 15, chapter 32, part 1, apply to
24 {sections SECTION 2 and 3}.

25 NEW SECTION. Section 4. Effective date -- retroactive

SB 0416/02

1 applicability. [This act] is effective on passage and
2 approval and applies retroactively, within the meaning of
3 1-2-109, to taxable years beginning after December 31, 1990.

-End-

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 416 (third reading copy -- blue) be concurred in as amended .

Signed: 
Dan Harrington, Chairman

Carried by: Rep. H.S. Hanson

And, that such amendments read:

1. Page 3, line 13.

Following: "~~708~~"

Insert: ", as provided in subsection (3),"

2. Page 3, line 15.

Strike: "\$400"

Insert: "\$250 per year for 4 years"

3. Page 3, line 17.

Following: "YEAR"

Insert: "in which the credit is claimed"

4. Page 4, line 4.

Following: "(3)"

Insert: "The tax credit allowed under this section is deductible from the taxpayer's income tax liability for the taxable year in which the installation costs were incurred and for the next 3 taxable years succeeding the taxable year in which the installation costs were incurred."

5. Page 4, lines 5 and 6.

Strike: ", AND" on line 5 through "INCURRED" on line 6

HOUSE

SB 416

781524SC.Hpd

SENATE BILL NO. 416

INTRODUCED BY WILLIAMS, H. HANSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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from ground water, by way of an open loop, for the purpose of heating or cooling a residential building.

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~~(5)~~(6) "Low emission wood or biomass combustion device" means a stove or furnace or a catalytic converter added to a stove or furnace which burns wood or other nonfossil biomass and which has an emission rate of less than 6 grams per hour when tested in conformance with the standard method for measuring the emissions and efficiencies of residential wood stoves as adopted by the department of health and environmental sciences pursuant to 15-32-203.

~~(6)~~(7) "Recognized nonfossil forms of energy generation" means:

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1 (b) a system for the production of electric power from
2 solid wood wastes;

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5 (d) a small system for the utilization of water power
6 by means of an impoundment not over 20 acres in surface
7 area."

8 NEW SECTION. Section 2. Credit for geothermal system

9 -- to whom available -- eligible costs -- LIMITATIONS. (1) A
10 resident individual taxpayer who completes installation of a
11 geothermal system, as defined in 15-32-102, in the
12 taxpayer's principal dwelling is entitled to claim a tax
13 credit ~~in an amount equal to 70%~~, AS PROVIDED IN SUBSECTION
14 (3), AGAINST THE TAXPAYER'S TAX LIABILITY UNDER CHAPTER 30
15 FOR A PORTION of the installation costs of the system, up to
16 \$3,000 \$400 \$250 PER YEAR FOR 4 YEARS. THE CREDIT MAY NOT
17 EXCEED THE TAXPAYER'S INCOME TAX LIABILITY FOR THE TAXABLE
18 YEAR IN WHICH THE CREDIT IS CLAIMED.

19 (2) For the purposes of this section, installation
20 costs include the cost of:

21 (a) trenching, well drilling, casing, and downhole heat
22 exchangers;

23 (b) piping, control devices, and pumps that move heat
24 from the earth to heat or cool the building;

25 (c) ground source or ground coupled heat pumps;

1 (d) liquid-to-air heat exchanger, ductwork, and fans
2 installed with a ground heat well that pump heat from a well
3 into a building; and

4 (e) design and labor.

5 (3) THE TAX CREDIT ALLOWED UNDER THIS SECTION IS
6 DEDUCTIBLE FROM THE TAXPAYER'S INCOME TAX LIABILITY FOR THE
7 TAXABLE YEAR IN WHICH THE INSTALLATION COSTS WERE INCURRED
8 AND FOR THE NEXT 3 TAXABLE YEARS SUCCEEDING THE TAXABLE YEAR
9 IN WHICH THE INSTALLATION COSTS WERE INCURRED. THERE IS NO
10 CARRYBACK OR CARRYFORWARD OF THE CREDIT PERMITTED UNDER THIS
11 SECTION,--AND--THE--CREDIT--MUST--BE--APPLIED--IN--THE--YEAR--THE
12 INSTALLATION COSTS ARE INCURRED.

13 NEW SECTION:--Section 3--Taxable years in which credit
14 may be claimed----carryover. The tax credit allowed under
15 {section 2} is deductible from the taxpayer's income tax
16 liability for the taxable year in which the geothermal
17 system was acquired by the taxpayer, if the amount of the
18 tax credit exceeds the taxpayer's income tax liability for
19 the taxable year, the amount that exceeds the tax liability
20 may be carried over for deduction from the taxpayer's income
21 tax liability in the next succeeding taxable year or years
22 until the total amount of the tax credit has been deducted
23 from tax liability. A tax credit may not be carried over for
24 deduction after the fifth taxable year succeeding the
25 taxable year in which the energy system was acquired.

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1 NEW SECTION. **Section 3.** Codification instruction.
2 [~~Sections SECTION 2 and-3~~] are IS intended to be codified as
3 an integral part of Title 15, chapter 32, part 1, and the
4 provisions of Title 15, chapter 32, part 1, apply to
5 [~~sections SECTION 2 and-3~~].

6 NEW SECTION. **Section 4.** Effective date -- retroactive
7 applicability. [This act] is effective on passage and
8 approval and applies retroactively, within the meaning of
9 1-2-109, to taxable years beginning after December 31, 1990.

-End-