

422.10A Geothermal tax credit.

1. For purposes of [this section](#), unless the context otherwise requires:

a. “*Qualified geothermal heat pump property*” means any equipment that uses the ground or groundwater as a thermal energy source to heat the dwelling unit of the taxpayer or as a thermal energy sink to cool such dwelling unit, which equipment meets the requirements of the federal energy star program in effect at the time that the expenditure for such equipment is made.

b. “*Qualified geothermal heat pump property expenditures*” means an expenditure for qualified geothermal heat pump property installed on or in connection with a dwelling unit located in Iowa and used as a residence by the taxpayer.

2. Except as provided in [subsection 6](#), the taxes imposed under [this division](#), less the credits allowed under [section 422.12](#), shall be reduced by a geothermal tax credit equal to ten percent of the qualified geothermal heat pump property expenditures made by the taxpayer during the tax year.

3. Qualified geothermal heat pump property expenditures shall be deemed to have been made on the date the installation is complete or, in the case of new construction or reconstruction, the date the original use of the structure by the taxpayer begins.

4. In the case of a taxpayer whose dwelling unit is part of a multiple housing cooperative organized under [chapter 499A](#) or a horizontal property regime under [chapter 499B](#), the taxpayer shall be treated as having made the taxpayer’s proportionate share of any qualified geothermal heat pump property expenditures made by the cooperative or the regime.

5. Any credit in excess of the tax liability is not refundable but the excess for the tax year may be credited to the tax liability for the following ten years or until depleted, whichever is earlier.

6. The credit provided in [this section](#) shall not be available during any tax year in which the federal residential energy efficient property tax credit for geothermal heat pumps provided in section 25D(a)(5) of the Internal Revenue Code is available. Any amount of expenditures used to calculate the credit provided in section 25D(a)(5) of the Internal Revenue Code shall not be considered qualified geothermal heat pump property expenditures for purposes of [this section](#).

[2016 Acts, ch 1128, §2, 17, 25](#)

Referred to in [§422.5](#), [§422.16](#)

Section takes effect January 1, 2017, and applies to qualified geothermal heat pump property expenditures incurred on or after that date;

2016 Acts, ch 1128, §17, 25

NEW section