

Sixtieth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1514

Introduced by

Representatives Monson, Nelson

Senator Olafson

1 A BILL for an Act to amend and reenact section 57-38-01.8 of the North Dakota Century Code,
2 relating to an income tax credit for geothermal, solar, wind, or biomass energy devices; and to
3 provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 57-38-01.8 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-38-01.8. Income tax credit for installation of geothermal, solar, ~~or~~ wind, or**
8 **biomass energy devices.**

- 9 1. Any taxpayer filing a North Dakota income tax return pursuant to the provisions of
10 this chapter may claim a credit for the cost of a geothermal, solar, ~~or~~ wind, or
11 biomass energy device installed before January 1, 2011, in a building or on
12 property owned or leased by the taxpayer in North Dakota. The credit provided in
13 this section for a device installed before January 1, 2001, must be in an amount
14 equal to five percent per year for three years, and for a device installed after
15 December 31, 2000, must be in an amount equal to three percent per year for five
16 years of the actual cost of acquisition and installation of the geothermal, solar, ~~or~~
17 wind, or biomass energy device and must be subtracted from any income tax
18 liability of the taxpayer as determined pursuant to the provisions of this chapter.
- 19 2. For the purposes of this section:
- 20 a. "Biomass energy device" means a system using agricultural crops, wastes, or
21 residues; wood or wood wastes or residues; animal wastes; landfill gas; or
22 other biological sources to produce fuel or electricity.
- 23 b. "Geothermal energy device" means a system or mechanism or series of
24 mechanisms designed to provide heating or cooling or to produce electrical or

- 1 mechanical power, or any combination of these, by a method which extracts
2 or converts the energy naturally occurring beneath the earth's surface in rock
3 structures, water, or steam.
- 4 ~~b.~~ c. "Solar or wind energy device" means a system or mechanism or series of
5 mechanisms designed to provide heating or cooling or to produce electrical or
6 mechanical power, or any combination of these, or to store any of these, by a
7 method which converts the natural energy of the sun or wind.
- 8 3. If a geothermal, solar, ~~or wind,~~ or biomass energy device is a part of a system
9 which uses other means of energy, only that portion of the total system directly
10 attributable to the cost of the geothermal, solar, ~~or wind,~~ or biomass energy device
11 may be included in determining the amount of the credit. The costs of installation
12 may not include costs of redesigning, remodeling, or otherwise altering the
13 structure of a building in which a geothermal, solar, ~~or wind,~~ or biomass energy
14 device is installed.
- 15 4. A partnership, subchapter S corporation, limited partnership, limited liability
16 company, or any other passthrough entity that installs a geothermal, solar, ~~or wind,~~
17 or biomass energy device in a building or on property owned or leased by the
18 passthrough entity must be considered to be the taxpayer for purposes of this
19 section, and the amount of the credit allowed with respect to the entity's
20 investments must be determined at the passthrough entity level. The amount of
21 the total credit determined at the entity level must be passed through to the
22 partners, shareholders, or members in proportion to their respective interests in the
23 passthrough entity.
- 24 5. If a taxpayer entitled to the credit provided by this section is a member of a group
25 of corporations filing a North Dakota consolidated tax return using the combined
26 reporting method, the credit may be claimed against the aggregate North Dakota
27 tax liability of all of the corporations included in the North Dakota consolidated
28 return.
- 29 6. The credit allowed under this section may not exceed the liability for tax under this
30 chapter. If the amount of credit determined under this section exceeds the liability

1 for tax under this chapter, the excess may be used as a credit carryover to each of
2 the five succeeding taxable years.

3 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
4 December 31, 2006.