

File Number: H.F. 917
Version: First engrossment

Date: March 19, 2018

Authors: Kiel and others

Subject: Refundable residential biomass credit

Analyst: Joel Michael, joel.michael@house.mn
Sean Williams, sean.williams@house.mn

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This bill establishes a refundable income tax credit for purchase and installation of residential biomass heating systems. The credit equals the lesser of (1) one-third of the purchase price or (2) \$5,000. A residential biomass heating system is defined by reference to federal regulations for:

- Pellet stoves or wood heaters (40 C.F.R. § 60.531)
- Residential forced-air furnaces or residential hydronic heaters (40 C.F.R. § 60.5473)

To qualify for the credit, systems must meet the Environmental Protection Agency's 2015 regulatory standards for air emissions.

The credit is characterized by the bill as a "Pilot Program" and applies to tax years 2018 through 2023. The commissioner of revenue is directed to report to the legislature (specifically the committees with jurisdiction over taxes and energy) by January 15, 2021, on first-year usage of the credit and recommendations for making it permanent, as well as administrative and compliance issues.