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This bill allows a nonrefundable, 50 percent tax credit against the individual income and corporate franchise taxes for expenditures on: (1) combined heat and power systems (also referred to as cogeneration systems); and (2) expander generator systems. Although the credit is nonrefundable, a ten year carryover is allowed.

To qualify for the credit, a **combined heat and power system** must:

- generate both electricity and/or mechanical power and thermal power simultaneously from the same energy source;
- produce at least 20 percent of its energy as thermal energy;
- produce at least 20 percent of its energy as electricity and/or mechanical power;
- be at least 60 percent efficient; and
- have a nameplate capacity between one and 26 megawatts.

To qualify for the credit, an **expander generator system** must:

- use a gaseous flow, pressure drop, or both to generate energy;
- be at least 60 percent efficient; and
- have a nameplate capacity of between 250 kw and 26 mw.

Either type of facility must be installed at a Minnesota location between 2016 and 2025.

For pass-through entities (e.g., partnerships), the credit will be claimed by the owners (partners). Cooperatives may elect to allocate the credit to their patrons. Otherwise, the credit remains with the cooperative.