

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 2937**

(SENATE AUTHORS: XIONG)

DATE  
03/15/2023

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; income; providing a temporary credit for the purchase and  
1.3 installation of solar energy systems.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **TEMPORARY SOLAR ENERGY SYSTEM CREDIT.**

1.6 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have  
1.7 the meanings given.

1.8 (b) "Business property" means class 3a property, as defined in Minnesota Statutes,  
1.9 section 273.13, subdivision 24.

1.10 (c) "Energy storage system" means a commercially available technology capable of:

1.11 (1) absorbing and storing electrical energy; and

1.12 (2) dispatching stored electrical energy at a later time.

1.13 (d) "Homestead" means class 1a and 1b residential property, as defined in Minnesota  
1.14 Statutes, section 273.13, subdivision 22, or an agricultural homestead, as defined in  
1.15 Minnesota Statutes, section 273.13, subdivision 23.

1.16 (e) "Photovoltaic device" has the meaning given in Minnesota Statutes, section 216C.06,  
1.17 subdivision 16.

1.18 (f) "Solar energy system" means a photovoltaic device with a capacity no greater than  
1.19 40 kilowatts, solar water heater, or solar thermal system installed alone or in combination  
1.20 or in conjunction with an energy storage system.

2.1 (g) "Solar thermal system" has the meaning given in Minnesota Statutes, section  
2.2 216B.2411, subdivision 2, paragraph (e).

2.3 (h) "Solar water heater" means an active, closed-loop system that pumps a nonfreezing  
2.4 heat-transfer fluid through a flat-plate collector that collects solar energy and a heat exchanger  
2.5 to heat water.

2.6 Subd. 2. **Credit allowed; limitation.** (a) A taxpayer receiving electric service at retail  
2.7 from a municipal utility or a cooperative electric association and who purchases and places  
2.8 in service in this state during the taxable year a solar energy system is eligible for a credit  
2.9 against the tax due under Minnesota Statutes, chapter 290, equal to the lesser of the applicable  
2.10 percentage of the solar energy system's purchase and installation costs or the maximum  
2.11 allowable credit.

2.12 (b) For solar energy systems first placed into service:

2.13 (1) after December 31, 2022, and before January 1, 2024, the applicable percentage is  
2.14 15 percent;

2.15 (2) after December 31, 2023, and before January 1, 2025, the applicable percentage is  
2.16 13 percent; and

2.17 (3) after December 31, 2024, and before January 1, 2026, the applicable percentage is  
2.18 11 percent.

2.19 (c) The maximum allowable credit is:

2.20 (1) \$2,500 for a solar energy system installed on the site of a taxpayer's homestead; and

2.21 (2) \$15,000 for a solar energy system installed on each business property.

2.22 (d) For a nonresident or part-year resident the credit must be allocated based on the  
2.23 percentage calculated under Minnesota Statutes, section 290.06, subdivision 2c, paragraph  
2.24 (a).

2.25 (e) Credits granted to a partnership, a limited liability company taxed as a partnership,  
2.26 an S corporation, or multiple owners of property are passed through to the partners, members,  
2.27 shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or  
2.28 owner based on their share of the entity's assets or as specially allocated in their  
2.29 organizational documents or any other executed agreement, as of the last day of the taxable  
2.30 year.

3.1 Subd. 3. **Credit refundable; appropriation.** (a) If the amount of credit which a claimant  
3.2 is eligible to receive under this section exceeds the claimant's tax liability under this chapter,  
3.3 the commissioner shall refund the excess to the claimant.

3.4 (b) An amount sufficient to pay the refunds required by this subdivision is appropriated  
3.5 to the commissioner from the general fund.

3.6 Subd. 4. **Expiration.** This section expires January 1, 2027.

3.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.8 31, 2022, and before January 1, 2026.