

STATE OF NEW YORK

7493

2021-2022 Regular Sessions

IN ASSEMBLY

May 11, 2021

Introduced by M. of A. J. D. RIVERA -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to establishing a credit for geothermal energy systems

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 606 of the tax law is amended by adding a new
2 subsection (g-3) to read as follows:

3 (g-3) Geothermal energy systems credit. (1) General. An individual
4 taxpayer shall be allowed a credit against the tax imposed by this arti-
5 cle equal to twenty-five percent of qualified geothermal energy system
6 expenditures, except as provided in subparagraph (D) of paragraph two of
7 this subsection. This credit shall not exceed five thousand dollars for
8 a qualified geothermal energy system placed in service on or after
9 September first, two thousand twenty-one.

10 (2) Qualified geothermal energy systems expenditures. (A) The term
11 "qualified geothermal energy system expenditures" means expenditures
12 for:

13 (i) the purchase of geothermal energy system equipment which is
14 installed in connection with residential property which is (I) located
15 in this state and (II) which is used by the taxpayer as his or her prin-
16 cipal residence at the time the geothermal energy system equipment is
17 placed in service;

18 (ii) the lease of geothermal energy system equipment under a written
19 agreement that spans at least ten years where such equipment owned by a
20 person other than the taxpayer is installed in connection with residen-
21 tial property which is (I) located in this state and (II) which is used
22 by the taxpayer as his or her principal residence at the time the geoth-
23 ermal energy system equipment is placed in service; or

24 (iii) the purchase of power under a written agreement that spans at
25 least ten years whereunder the power purchased is generated by geother-

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 mal energy system equipment owned by a person other than the taxpayer
2 which is installed in connection with residential property which is (I)
3 located in this state and (II) used by the taxpayer as his or her prin-
4 cipal residence at the time the geothermal energy system equipment is
5 placed in service.

6 (B) Such qualified expenditures shall include expenditures for materi-
7 als, labor costs properly allocable to on-site preparation, assembly and
8 original installation, architectural and engineering services, and
9 designs and plans directly related to the construction or installation
10 of the geothermal energy system equipment.

11 (C) Such qualified expenditures for the purchase of geothermal energy
12 system equipment shall not include interest or other finance charges.

13 (D) Such qualified expenditures for the lease of geothermal energy
14 system equipment or the purchase of power under an agreement described
15 in clause (ii) or (iii) of subparagraph (A) of this paragraph shall
16 include an amount equal to all payments made during the taxable year
17 under such agreement. Provided, however, such credits shall only be
18 allowed for fourteen years after the first taxable year in which such
19 credit is allowed. Provided further, however, the twenty-five percent
20 limitation in paragraph one of this subsection shall only apply to the
21 total aggregate amount of all payments to be made pursuant to an agree-
22 ment referenced in clause (ii) or (iii) of subparagraph (A) of this
23 paragraph, and shall not apply to individual payments made during a
24 taxable year under such agreement except to the extent such limitation
25 on an aggregate basis has been reached.

26 (3) Geothermal energy system equipment. The term "geothermal energy
27 system equipment" shall mean a system whose original use begins with the
28 taxpayer; which meets the eligibility criteria, if any, prescribed by
29 the department; and which is a ground coupled solar thermal system that
30 utilizes the solar thermal energy stored in the ground or in bodies of
31 water to produce heat, and which is commonly known as or referred to as
32 a ground source heat pump system.

33 (4) Multiple taxpayers. Where geothermal energy system equipment is
34 purchased and installed in a principal residence shared by two or more
35 taxpayers, the amount of the credit allowable under this subsection for
36 each such taxpayer shall be prorated according to the percentage of the
37 total expenditure for such geothermal energy system equipment contrib-
38 uted by each taxpayer.

39 (5) Proportionate share. Where geothermal energy system equipment is
40 purchased and installed by a condominium management association or a
41 cooperative housing corporation, a taxpayer who is a member of the
42 condominium management association or who is a tenant-stockholder in the
43 cooperative housing corporation may for the purpose of this subsection
44 claim a proportionate share of the total expense as the expenditure for
45 the purposes of the credit attributable to his principal residence.

46 (6) Grants. For purposes of determining the amount of the expenditure
47 incurred in purchasing and installing geothermal energy system equip-
48 ment, the amount of any federal, state or local grant received by the
49 taxpayer, which was used for the purchase and/or installation of such
50 equipment and which was not included in the federal gross income of the
51 taxpayer, shall not be included in the amount of such expenditures.

52 (7) When credit allowed. The credit provided for herein shall be
53 allowed with respect to the taxable year, commencing after two thousand
54 twenty-two, in which the geothermal energy system equipment is placed in
55 service.

1 (8) Carryover of credit. If the amount of the credit, and carryovers
2 of such credit, allowable under this subsection for any taxable year
3 shall exceed the taxpayer's tax for such year, such excess amount may be
4 carried over to the five taxable years next following the taxable year
5 with respect to which the credit is allowed and may be deducted from the
6 taxpayer's tax for such year or years.

7 § 2. This act shall take effect immediately and shall apply to taxable
8 years commencing on and after January 1, 2022.