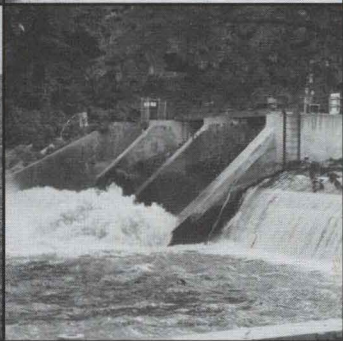
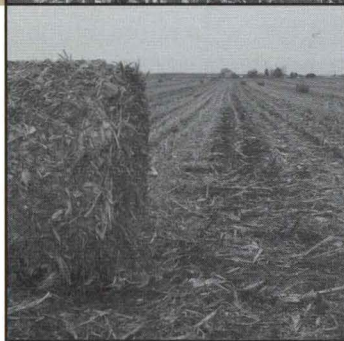
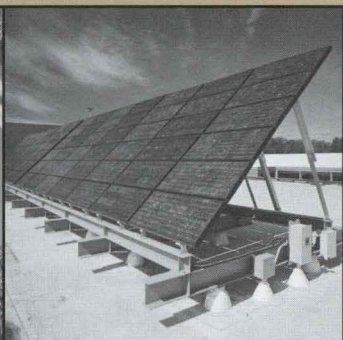


FINANCIAL INCENTIVES FOR DEVELOPING



RENEWABLE ENERGY
PRODUCTION FACILITIES
IN IOWA

INNOVATION HAS ITS OWN INCENTIVES

Many financial incentives exist to help Iowa's business, industry, agriculture and community leaders move alternate energy production and use from concept to reality.

Options such as the Alternate Energy Revolving Loan Program (AERLP), administered by the Iowa Energy Center, can reduce the risk of developing these innovative technologies. The AERLP can also be paired with other financial incentive programs to fund the development of renewable energy production facilities. The financial incentives listed in this brochure have led the way to:

- business owners turning wood waste into wood pellet fuel;
- farmers capturing methane gas produced from animal manure for electricity and heat production right on the farm;
- school districts funding and constructing wind turbines that generate electricity and become a part of the science curriculum;
- individuals installing renewable energy systems to help meet personal energy needs.

The financial success of alternate energy production facilities in Iowa is possible and proven. The incentives listed make that success easier to attain.



LOANS

Alternate Energy Revolving Loan Program (AERLP)

Type of Incentive: Loan Program

Eligible Technologies: Wind, Solar, Biomass, Small Hydro

Eligible Applicants: Commercial, Industrial, Residential

Funding Amounts/Limits: Half of the financial cost, up to \$250,000 at 0% interest. Loan servicing and the remaining financing is through a lending institution. Loan terms up to 20 years.

Summary: The AERLP helps provide loans to eligible organizations or individuals to build renewable energy production facilities in Iowa. As the loans are repaid to the Iowa Energy Center, funds revolve back into the program for new applicants.

Contact: Iowa Energy Center
(515) 294-8819, iec@energy.iastate.edu
www.energy.iastate.edu

"Energy Bank" Iowa Building Energy Management Program

Type of Incentive: Loan Program

Eligible Technologies: Solar, Wind, Biomass, Hydro, Renewable Fuels, Energy Efficiency Improvements

Eligible Applicants: Schools, Public and Private Colleges, Hospitals, Local Government and State Agencies

Funding Amounts/Limits: Variable

Summary: The Energy Bank Program provides financing for energy efficiency and renewable energy projects to public and nonprofit agencies.

Contact: Iowa Department of Natural Resources,
Energy & Waste Management Bureau, (515) 281-5918
www.state.ia.us/dnr/energy/MAIN/renewable/index.html

Value-Added Products and Processes Financial Assistance Program

Type of Incentive: Loan Program

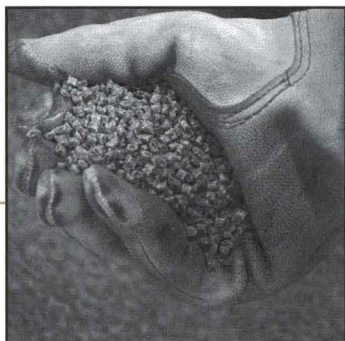
Eligible Technologies: Renewable Fuels and Co-products

Eligible Applicants: Commercial, Industrial

Funding Amounts/Limits: 50% of total project cost, up to \$525,000 per project, combination of forgivable and low-interest loans.

Summary: The program seeks to increase the innovative use of Iowa's agricultural commodities including production of renewable fuels such as soydiesel, ethanol, and their co-products.

Contact: Iowa Department of Economic Development
(515) 242-4819
businessfinance@iowalifechanging.com
www.iowalifechanging.com/business/vaapfap.htm



GRANTS

Renewable Energy Systems and Energy Efficiency Improvements Program

Type of Incentive: Federal Grant (subject to legislative funding)

Eligible Technologies: Solar, Wind, Biomass

Eligible Applicants: Agricultural Producers and Rural Small Businesses

Funding Amounts/Limits: 25% of eligible project costs, up to \$500,000 per project.

Summary: Seeks to assist in the purchase of renewable energy systems and energy efficiency improvements.

Contact: USDA Rural Development
Iowa State Office, (515) 284-4663
www.rurdev.usda.gov/rd/farbill/9006resources.html

Value-Added Producer Grant Program

Type of Incentive: Federal Grant (subject to legislative funding)

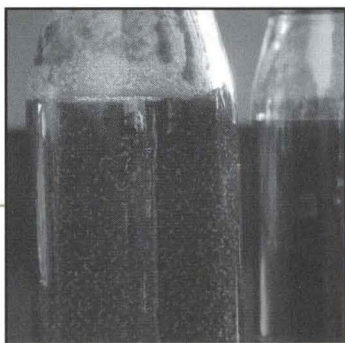
Eligible Technologies: Solar, Wind, Biomass, Hydroelectric, Hydrogen, Manure Digestion, Ethanol, Biodiesel

Eligible Applicants: Agricultural

Funding Amounts/Limits: \$500,000 maximum request and equal matching funds required.

Summary: Grants used for planning activities and working capital for marketing value-added agricultural products and for farm based renewable energy. Project must include energy generated on-farm through the use of agricultural commodities, or other technologies, including solar, hydro, wind and hydrogen.

Contact: USDA Rural Development
Iowa State Office, (515) 284-4663
www.rurdev.usda.gov/rbs/coops/vadg.htm



TAX CREDITS

Ethanol-Based Fuels Exemption

Type of Incentive: Sales Tax Incentive

Eligible Technologies: Renewable Fuels

Eligible Applicants: Transportation

Funding Amounts/Limits: Varies by distribution percentage, until June 30, 2007.

Summary: Anyone blending conventional motor fuel with alcohol to produce ethanol can file for a tax refund. The incentive is basically the exemption of the sales tax on the value added to the fuel when it is blended.

Contact: Iowa Department of Natural Resources
Energy & Waste Management Bureau
(515) 281-5918

www.state.ia.us/dnr/energy/MAIN/renewable/incentives.html

Federal 5-Year Depreciation Schedule for Solar Energy Property

Type of Incentive: Corporate Depreciation

Eligible Technologies: Solar

Eligible Applicants: Commercial, Industrial

Summary: The federal government offers a 5-year accelerated depreciation schedule for all solar energy equipment.

Contact: Internal Revenue Service, (800) 829-4933.
www.irs.gov or www.dsireusa.org

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Investment Tax Credit for Solar Energy Property

Type of Incentive: Federal Tax Incentive

Eligible Technologies: Solar

Eligible Applicants: Commercial, Industrial

Funding Amounts/Limits: Up to 10% of the purchase and installation or investment cost, not exceeding a \$25,000 tax credit per year, plus 25% of total tax remaining after credit is taken.

Summary: This federal tax incentive provides a tax credit for the purchase and installation cost of solar energy property.

Contact: Internal Revenue Service, (800) 829-4933
www.irs.gov or www.dsireusa.org

Local Option Special Assessment of Wind Energy Devices

Type of Incentive: Property Tax Incentive

Eligible Technologies: Wind

Eligible Applicants: Commercial, Industrial, Residential

Funding Amounts/Limits: Local Option

Summary: The property tax incentive allows any participating city or county to assess wind energy conversion equipment at a reduced rate, reaching 30% of the assessed value in seven years.

Contact: Iowa Department of Natural Resources,
Energy & Waste Management Bureau
(515) 281-5918
www.state.ia.us/dnr/energy/MAIN/renewable/incentives.html

Methane Gas Conversion Property Tax Exemption

Type of Incentive: Property Tax

Eligible Technologies: Methane Gas

Eligible Applicants: Commercial, Industrial, Residential

Funding Amounts/Limits: 100%

Summary: Exempts from state property tax any property used to collect and convert methane gas to energy.

Contact: Iowa Department of Natural Resources
Energy & Waste Management Bureau
(515) 281-5918
www.state.ia.us/dnr/energy/MAIN/renewable/incentives.html

Property Tax Exemption for Solar Systems

Type of Incentive: Property Tax Incentive

Eligible Technologies: Solar

Eligible Applicants: Property Owners

Funding Amounts/Limits: 100% of solar project value

Summary: Exempts from property taxes any market value added by a solar system to a building for the first five full assessment years.

Contact: Iowa Department of Natural Resources
Energy & Waste Management Bureau
(515) 281-5918

www.state.ia.us/dnr/energy/MAIN/renewable/incentives.html

Renewable Electricity Production Credit (REPC)

Type of Incentive: Corporate Tax Credit

Eligible Technologies: Wind, Solar, Landfill Gas, Municipal Solid Waste, Anaerobic Digestion, Small Hydro, Closed-loop Biomass, Poultry Waste

Eligible Applicants: Commercial, Industrial

Funding Amounts/Limits: 1.5 cents per kWh credit adjusted annually for inflation.

Summary: Also known as the Production Tax Credit. Business tax credit for electricity generated by specified energy resources.

Contact: Internal Revenue Service (800) 829-4933
www.irs.gov or www.dsireusa.org

Wind Energy Equipment Exemption

Type of Incentive: Sales Tax Incentive

Eligible Technologies: Wind

Eligible Applicants: Commercial, Residential

Funding Amounts/Limits: 100% of Project Value/no limit

Summary: Exempts from state sales tax the total cost of wind energy equipment and all materials used to manufacture, install, and construct wind energy systems.

Contact: Iowa Department of Natural Resources
Energy & Waste Management Bureau,
(515) 281-5918

www.state.ia.us/dnr/energy/MAIN/renewable/incentives.html

Wind Energy Replacement Generation Tax Exemption

Type of Incentive: Production Tax Incentive

Eligible Technologies: Wind and Methane

Eligible Applicants: Commercial, Industrial, Residential

Funding Amounts/Limits: Six hundredths of a cent per kWh

Summary: Exempts electricity generated by wind energy and methane gas conversion property from the replacement generation tax.

Contact: Iowa Department of Natural Resources
Energy & Waste Management Bureau, (515) 281-5918
www.state.ia.us/dnr/energy/MAIN/renewable/incentives.html

Online Reference

DSIRE (Database of State Incentives for Renewable Energy) is a project of the Interstate Renewable Energy Council. DSIRE maintains a list of state and federal finance incentives for renewable energy. **Contact:** www.dsireusa.org

Utility Contacts

Alliant Energy

4902 North Biltmore Lane
P.O. Box 77007
Madison, WI 53707-1007
(800) 255-4268 • customercare@alliantenergy.com
www.alliantenergy.com

MidAmerican Energy Company

666 Grand Avenue
P.O. Box 657
Des Moines, IA 50303-0657
(888) 427-5632
info@midamerican.com
www.midamericanenergy.com

Iowa Association of Electric Cooperatives

8525 Douglas, Suite 48
Des Moines, IA 50322-2992
(515) 276-5350 • info@iowarec.org
www.iowarec.org

Iowa Association of Municipal Utilities

1735 NE 70th Avenue
Ankeny, IA 50021-9353
(515) 289-1999
www.iamu.org

Efforts have been made to assure the accuracy of program descriptions. However, programs change over time and other incentives may be available that are not listed here. Readers are encouraged to fully investigate incentives before proceeding with renewable energy production facility investments.



2521 Elwood Drive, Suite 124
Ames, IA 50010-8229
(515) 294-8819 • iec@energy.iastate.edu
www.energy.iastate.edu

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