DIGEST

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**CONFERENCE COMMITTEE REPORT DIGEST**

**HB 187** **2017 Regular Session** **Cromer**

**Keyword and oneliner of the instrument as it left the House**

TAX CREDITS: Terminates the solar energy systems tax credit and provides relative to the payment of claims for the tax credit for purchased systems

**Report adopts Senate amendments to:**

1. Change the tax credit claims paid by the state under the provisions of proposed law from any claim for a system purchased and installed on or before June 30, 2016 to any claim for a system purchased and installed on or before Dec. 31, 2015.

2. Adds a three-year structured payout provision that authorizes tax credit claims on systems purchased on or before Dec. 31, 2015, that qualify for payment under proposed law to be granted over three fiscal years beginning in FY 2017-2018.

3. Caps the maximum amount of credits that may be paid out over the three-year payout at $5M each fiscal year, exclusive of interest. However, any remaining balance of tax credits after FY 2020-2021 shall be allowed in that fiscal year.

**Report amends the bill to:**

1. Clarify that the three-year payout of $5M each fiscal year, exclusive of interest is in addition to the amount allocated under the credit caps for FY 2016-2017 and the allocation for claims submitted after July 1, 2017.

2. Change provisions relative to the accrual of interest on tax credit claims paid during the three-year payout to provide that interest shall be paid beginning 90 days from Oct. 1st of the year which relates to the fiscal year credit cap from which the credit or installment of credit is paid.

3. Add requirement that in order for a tax credit claim to be eligible for payment during the three-year payout of credits, all supporting documentation necessary to constitute a complete and eligible claim shall be submitted to DOR no later than Nov. 1, 2017.

4. Change the date from which the amount of the tax credit for leased systems is 38% on the first $25,000 for the cost of purchase from systems installed on or after *July 1, 2014,* and before July 1, 2015 to systems installed on or after *January 1 2014,* and before July 1, 2015.

5. Change the sunset date of the credit for purchased systems from June 30, 2016 to Jan. 1, 2016 and makes references to the amount of the credit for purchased systems consistent with such date.

6. Add a severability provision in the event any provision of the Act is held invalid.

## Digest of the bill as proposed by the Conference Committee

Present law provides for a state income tax credit for the purchase and installation of a solar energy system on a La. residence. The credit requirements and benefits differ based upon whether the system is purchased by the homeowner for installation at his residence, or if it is purchased by a third party for installation at another person's residence.

### Purchased system

Present law provides that for a system purchased by a homeowner before July 1, 2015, the amount of the tax credit is equal to 50% of the first $25,000 of the system's cost. The amount of the tax credit for a system purchased and installed by a homeowner on or after July 1, 2015, and before Jan. 1, 2016, is the lesser of any of the following: 50% of the cost of purchase and installation, $2 multiplied by the size of the system measured in direct current watts, or $10,000.

Proposed law retains present law.

Present law establishes annual caps, beginning with FY 2016, on the total amount of tax credits allowed on any return, regardless of tax year, as follows:

(1) For tax credits claimed on returns filed on or after July 1, 2015, and before July 1, 2016, no more than $10 million dollars.

(2) For tax credits claimed on returns filed on or after July 1, 2016, and before July 1, 2017, no more than $10 million dollars.

(3) For tax credits claimed on a return filed on or after July 1, 2017, no more than $5 million dollars.

Proposed law provides that notwithstanding the limitation on the amount of credits that may be granted in a fiscal year under present law, any taxpayer whose claim for a credit was denied or would have been denied for any portion of the original claim for a credit shall be granted the full amount of the credit for which the purchased solar energy system is eligible based on the original claim provided the claim relates to a solar energy system that was purchased and installed on or before Dec. 31, 2015.

Proposed law prohibits the amendment of a tax credit claim concerning the date of purchase and installation of the solar energy system.

Proposed law provides that for taxpayers whose claim would have been denied, an amended return claiming a tax credit for a system which was purchased and installed on or before Dec. 31, 2015, and which meets all other requirements of an eligible system shall be filed with the department before Sept. 1, 2017, in order to be eligible for payment of the tax credit. Further provides that for all claims, including those which were denied and which would have been denied, all supporting documentation necessary to constitute a complete and eligible claim shall be submitted to the department no later than Nov. 1, 2017, in order to be eligible for payment of the tax credit.

Proposed law authorizes the payment of interest at the annual rate established in present law to accrue beginning 90 days from Oct. 1st, of the year which relates to the fiscal year credit cap from which the credit or installment of credit is paid.

Proposed law authorizes that credits for systems purchased before Dec. 31, 2015 that taxpayers did not receive due to the $10 million caps, be allowed in three equal parts over fiscal years 2017-2018 through 2019-2020 and not to exceed $5 million per fiscal year, not including interest. However, if any taxpayer has a tax credit balance remaining at the end of fiscal year 2020, the balance may be claimed in fiscal year 2020-2021. Further provides that the amounts authorized pursuant to the three-year payout shall be exclusive of any amounts granted pursuant to the amounts authorized pursuant to the tax credit cap for FY 2016-2017 and the allocation for claims submitted after July 1, 2017.

Present law prohibits tax credits for systems installed after Dec. 31, 2017.

Proposed law changes the sunset date of the credit for purchased systems from Dec. 31, 2017, to Jan. 1, 2016.

**Leased system**

Present law regarding leased systems, authorizes credits for the purchase and installation of a system by a third-party through a lease with the owner of the residence. Provides that the credit equals 50% of the first $25,000 for a system installed before Jan. 1, 2014.

Proposed law retains present law.

Present law provides that the credit for a system installed on or after Jan. 1, 2014 and before Jan. 1, 2018 the amount of the credit equals 38% of the first $20,000 of the cost of the purchase.

Proposed law changes the amount of the credit for systems installed on or after Jan. 1, 2014 and before July 1, 2015, from 38% of the first $20,000 of the cost of purchase to 38% of the first $25,000 of the cost of purchase.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6030(B)(1)(b)(intro. para.), and (d), and (2)(a)(i); Adds R.S. 47:6030(B)(1)(c)(v))