

GREEN SHEET REDIGEST

HB 779

2015 Regular Session

Ponti

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**TAX CREDITS: Provides with respect to the solar energy systems tax credit**

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DIGEST

**Abstract:** For the solar energy systems tax credit, reduces the maximum value of the credit and provides for various changes regarding system eligibility and requirements for the claiming of the credit.

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 the amount of the tax credit for a system purchased by the homeowner is equal to 50% of the first \$25,000 of system cost. Present law prohibits tax credits for systems installed after Dec. 31, 2017.

Proposed law retains present law for a system purchased and installed on or after Jan. 1, 2008, and before July 1, 2015.

Proposed law changes the maximum amount of the credit for a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, by reducing the maximum credit amount to the lesser of any of the following: 50% of the cost of purchase and installation, \$2.00 multiplied by the size of the system measured in DC watts, or \$10,000.

Proposed law places caps on the tax credit which may be granted on any return, regardless of tax year, shall be 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.

The granting of credits shall be on a first-come, first-served basis. If the total amount of credits applied for in any particular fiscal year exceeds the amount of tax credits authorized for that year, the excess shall be treated as having been applied for on the first day of the subsequent year. All requests received on the same business day shall be treated as received at the same time, and if the aggregate amount of the requests received on a single business day exceed the total amount of available tax credits, tax credits must be approved on a pro rata basis. Beginning in Fiscal Year 2015-2016 any claim or request for an allocation of credits under this Section must be filed electronically.

**Leased system**

Present law provides that the amount of the tax credit for a system which is purchased and installed by a third party through a lease with the owner of the residence is equal to 38% of

the first \$25,000 of the cost of purchase for a system that provides no more than six kilowatts of energy, with the following limitations:

1. From July 1, 2013, through July 1, 2014, the system costs \$4.50 per watt or less.
2. From July 1, 2014, through July 1, 2015, the system costs \$3.50 per watt or less.
3. From July 1, 2015, through Jan. 1, 2017, the system costs \$2.00 per watt or less.

Proposed law retains present law for a system purchased and installed prior to July 1, 2015.

Proposed law reduces the maximum credit amount for a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, from 50% of the first \$25,000 of system costs to 50% of the first \$20,000 of system costs.

Proposed law retains present law with respect to limitations on system cost per watt and size.

Proposed law the maximum amount of tax credits for leased systems which may be granted for credits not granted prior to June 1, 2015, during Fiscal Year 2014-2015 shall be \$19 million. Thereafter, the maximum amount of tax credits for leased systems which may be granted on any return, regardless of tax year, shall be 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 of tax credits.
2. For tax credits claimed on returns filed on or after July 1, 2016, and before July 1, 2017, no more than \$10 million of tax credits.
3. For tax credits claimed on returns filed on or after July 1, 2017, no more than \$5 million of tax credits.

The granting of credits shall be on a first-come, first-served basis. If the total amount of credits applied for in any particular fiscal year exceeds the amount of tax credits authorized for that year, the excess shall be treated as having been applied for on the first day of the subsequent year. All requests received on the same business day shall be treated as received at the same time, and if the aggregate amount of the requests received on a single business day exceed the total amount of available tax credits, tax credits shall be approved on a pro rata basis. Beginning in Fiscal Year 2015-2016 any claim or request for an allocation of credits under this Section shall be filed electronically.

#### **All systems**

Proposed law imposes a 48 month limit on the length of time for which the cost of an eligible installed solar energy system may be financed.

Present law defines a "solar energy system" eligible for the credit as a "solar electric system" or a "solar thermal system".

Proposed law repeals eligibility for a "solar thermal system" and adds exclusions for the following types of solar energy equipment: air conditioning, ventilation, lighting, pool equipment, gate systems, and other equipment as provided by administrative rule.

Present law provides generally with respect to the claiming of the tax credit, including the requirement that the credit be claimed in the year in which the system was installed, or, if being claimed on a newly purchased home, in the year in which the home was bought.

Proposed law retains present law but adds a limitation on the taking of the credit by prohibiting any additional solar energy system tax credits once a solar energy system tax credit, regardless of the amount, has been claimed on equipment for that residence.

Proposed law requires the submission of certain information by a taxpayer when claiming a credit. This includes proof of installation, information on the solar panels, the terms of any financing for the system, a form for use in providing the sworn statements by the dealer and installer regarding the system size, and any other documentation that may be required by administrative rule. Proposed law provides for the form to be used in the provision of the sworn statements.

Applicable to any system installed on or after July 1, 2015.

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

(Amends R.S. 47:6030(A)(1), (B), (C)(6), and(D); Repeals R.S. 47:6030(C)(5))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add a prohibition on subsequent solar energy system tax credits for equipment installed at a residence once a solar energy system tax credit has been claimed for the same residence.
2. Retain the maximum credit amount for a system purchased and installed on or after Jan. 1, 2008, and before July 1, 2015.
3. Reduce the maximum credit amount for a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, by changing the amount from 50% of a system valued at up to \$25,000 to the lesser of 50% of the purchase and installation costs, \$2.00 multiplied by the size of the system measured in DC watts, or \$10,000.
4. Delete the prohibition on any carry forward of credits.
5. Add a requirement for the submission of a sworn statement by the system installer as to the system size, such document to be submitted by the taxpayer when claiming the credit.

The House Floor Amendments to the engrossed bill:

1. Remove the repeal of tax credits for leased systems.
2. Reduce the amount of the tax credit for a leased system from 50% of the first \$25,000 of system costs to 50% of the first \$20,000 of system costs.
3. Add a \$10 million annual cap on the amount of tax credits for leased systems that may be granted in calendar years 2015, 2016, and 2017.

#### Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill

1. Establishes a cap on the amount of tax credits on purchased systems which can be allowed on returns:

FY2015-2016 \$10 million.

FY2016-2017 \$10 million.

For returns filed on or after July 1, 2017, \$5 million.

2. Establishes a cap on the amount of tax credits on leased systems which can be allowed on returns:

For credits not granted prior to June 1, 2015, \$19 million.

FY2015-2016 \$10 million.

FY2016-2017 \$10 million.

For returns filed on or after July 1, 2017, \$5 million.

3. Deleted a 48 month limit on the length of time for which the cost of an eligible installed solar energy system may be financed.