HOUSE SUMMARY OF SENATE AMENDMENTS

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

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

Synopsis of Senate Amendments

1. Changes 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 on 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.

4. Changes the percentage in which the amount of the tax credit is calculated for leased systems installed on and after July 1, 2014 and before July 1, 2015 from 38% on the first $20,000 of the cost of purchase to 38% on the first $25,000 for the cost of purchase.

Digest of Bill as Finally Passed by Senate

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 July 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 authorizes the payment of interest at the annual rate established in present law to accrue beginning on the later of either 90 days after July 1, 2017, or the date all supporting documentation is received by the department for the payment of the tax credit claims which were previously denied and for systems granted a credit from the credit cap period which relates to credits claimed on a return filed on or after July 1, 2017.

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.

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 June 30, 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 July 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))