
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

DIGEST

Present law provides for a tax credit for the purchase and installation of a wind energy system or solar energy system.

Proposed law deletes the tax credit for wind energy systems and changes the tax credit for solar energy systems to a tax credit for both "solar electric systems" and "solar thermal systems".

Present law provides that the credit for solar energy systems is 50% of the first \$25,000 of the cost of each system, including installation costs, which is purchased and installed on or after Jan. 1, 2008.

Proposed law establishes the following tax credits for the costs of purchase and installation of both "solar electric systems" and "solar thermal systems."

Each solar "electric" system has the following credits:

1. 50% for all the costs before December 31, 2016 by a taxpayer at his residence.
2. 50% of the first \$25,000 of the costs before December 31, 2016 by a "third-party" taxpayer at a residence in this state through a lease with the owner of the residence.
3. 35% for all the costs on or after January 1, 2017 and before December 31, 2020 by a taxpayer at his residence.
4. 35% of the first \$25,000 of the costs on or after January 1, 2017 and before December 31, 2020 by a "third-party" taxpayer at a residence in this state through a lease with the owner of the residence.

Each solar "thermal" system has the following credits:

1. 50% of the first \$10,000 of the costs before December 31, 2016 by a taxpayer at his residence or by a "third-party" taxpayer at a residence in this state through a lease with the owner of the residence.
2. 35% of the first \$10,000 of the costs on or after January 1, 2017 and before December 31, 2020 by a taxpayer at his residence or by a "third-party" taxpayer at a residence in this state through a lease with the owner of the residence.

Proposed law defines "solar electric system" as a system consisting of photovoltaic panels with the primary purpose of converting sunlight to electrical energy and all equipment and apparatus

necessary to connect, store, and process the electrical energy for connection to and use by an electrical load. "Solar electric system" is defined to include grid-connected net metering systems, grid-connected net metering systems with battery backup, stand-alone alternating current (AC) systems, and stand-alone direct current (DC) systems.

Proposed law further defines the eligible system components for a solar electric system to include the following:

- (1) For grid-connected, net metering solar electric systems, the components include photovoltaic panels, mounting systems, inverters, charge controllers, batteries, battery cases, alternating current (AC) and direct current (DC) disconnects, lightning and ground fault protection, junction boxes, remote metering display devices, and related electrical wiring materials from the photovoltaic panels to point of interconnection with the residence or electrical load.
- (2) For stand-alone solar electric AC systems, the components include photovoltaic panels, mounting systems, inverters, charge controllers, batteries, battery cases, AC and DC disconnects, lightning and ground fault protection, junction boxes, remote metering display devices, and related electrical wiring materials from the photovoltaic panels to point of interconnection with the residence or electrical load.
- (3) For stand-alone solar electric DC systems, the components include photovoltaic panels, mounting systems, charge controllers, batteries, battery cases, DC disconnects, lightning and ground fault protection, junction boxes, remote metering display devices, and related electrical wiring materials from the photovoltaic panels to point of interconnection with the residence or electrical load.

Proposed law defines "solar thermal system" as a system consisting of a solar energy collector with the primary purpose of converting sunlight to thermal energy and all devices and apparatus necessary to transfer and store the collected thermal energy for the purposes of heating water, space heating, or space cooling. Defines the eligible system components for a solar thermal system to include solar thermal collectors, mounting systems, solar hot water storage tanks, timers, pumps, heat exchangers, drain back tanks, expansion tanks, controllers, sensors, valves, freeze protection devices, air elimination devices, photovoltaic panels for PV systems, piping, insulation, and other related materials from the solar thermal collectors to the solar hot water storage tanks.

Proposed law defines "cost of purchase" as the reasonable and prudent costs for the equipment and installation of the solar electric or solar thermal systems.

Proposed law removes the allowance of a tax credit in present law for installations in a residential rental apartment project.

Proposed law requires each eligible system to be installed in the immediate vicinity of the residence to which the electrical, mechanical, or thermal energy is delivered.

Proposed law authorizes, with respect to each residence, only one credit for a solar electric system and one credit for a solar thermal system.

Proposed law provides that, to be eligible for the credit, the cost of purchase for a solar "electric" system installed by a taxpayer at his residence shall be capped so as to not exceed the greater of the total energy needs of the residence or twelve kilowatts and a cost basis of \$4.50 per watt for a single residence. If installed by a third-party taxpayer at a residence utilizing a lease or similar option with the owner of the residence, it is capped so as to not exceed the greater of the total energy needs of the residence or a cost basis of \$4.50 per watt for a single residence.

Proposed law provides that, to be eligible for the credit, the cost of purchase for a solar "thermal" system installed by a taxpayer at his residence shall be capped so as to not exceed \$10,000 or a cost basis of \$4.50 per btu equivalent watt for a single residence. If installed by a third-party taxpayer at his residence, it is capped so as to not exceed \$10,000 or a cost basis of \$4.50 per btu equivalent watt for a single residence.

Proposed law provides that whenever, in return for the purchase price or as an inducement to make a purchase, marketing rebates or incentives are offered, the cost of purchase shall be reduced by the fair market value of the marketing rebate or incentive received. Marketing rebates or incentives include but are not limited to cash rebates, prizes, gift certificates, trips, additional energy efficiency items or services, or any other thing of value given by the seller, installer, or equipment manufacturer to the taxpayer as an inducement to purchase a solar electric or solar thermal system.

Present law requires the secretary of the Dept. of Revenue, in consultation with the secretary of the Dept. of Natural Resources, to promulgate such rules and regulations as may be necessary to carry out the provisions of present law.

Proposed law retains present law but repeals the requirement that the rules be promulgated in consultation with the secretary of the Dept. of Natural Resources.

Proposed law provides that nothing in it is to affect or defeat any claim, assessment, appeal, suit, right, or cause of action for taxes or refunds due or accrued under the income tax laws of this state before the date on which proposed law becomes effective, whether such claims, assessments, appeals, suits, or actions have been instituted before the date on which proposed law becomes effective or are instituted thereafter if such claim, assessment, appeal, suit, or action relates to a taxable period ending on or before the effective date of proposed law.

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

(Amends R.S. 47:6030)