

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

TAX CREDITS. Provides relative to solar energy systems tax credit and removes wind energy systems tax credit.

DIGEST

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

Proposed law deletes the tax credit for wind energy systems and changes the tax credit for solar energy systems to only one credit for a "solar electric system", a "solar thermal system", or any combination of those components, designated in the proposed law as "system".

Present law authorizes tax credits against La. income taxes for the cost of purchase and installation of a wind energy system or solar energy system, or both, by a taxpayer at his La. residence, by the owner of a residential rental apartment project, or by a taxpayer who purchases and installs such a system in a La. residence or a residential rental apartment project. Present law further authorizes a tax credit for the purchaser of a newly constructed home with such a system already installed or where such a system is purchased and installed at an existing home or apartment project.

Proposed law deletes the tax credit for installations in new or existing residential rental apartment projects and provides that the tax credit is for the cost of the installation of a "system" at a single family residence located in Louisiana and is allowed if it is installed in a new or existing "home". "Home" and "residence" are further defined as a single family, detached dwelling.

Proposed law provides that the tax credit is limited to one tax credit for a "system", that is, a "solar electric system", a "solar thermal system", or any combination of those components. Only one tax credit for the purchase and installation of a system is authorized for each residence, specifically including tax credits claimed before July 1, 2013.

Present law authorizes a credit equal to 50% of the first \$25,000 of the cost of each solar energy system purchased and installed on or after Jan. 1, 2008.

Proposed law retains the credit of 50% of the first \$25,000 of the cost for a "system" that is purchased and installed at a Louisiana residence or already installed in a newly constructed home, before January 1, 2018. The tax credit also applies to systems purchased and installed as part of any energy efficiency implemented in accordance with rules or policies of any state agency, political subdivision, or regulatory agency.

The tax credit for the purchase and installation of a system at a Louisiana residence by a third party through a lease with the owner of the residence during the following time periods is limited as follows:

1. On or after July 1, 2013 and before July 1, 2014, the tax credit is equal to 38% of the first \$25,000 of the cost of purchase, limited to a system which has a cost of no more than \$4.50 per watt and which provides for no more than 5 kilowatts of energy.
2. On or after July 1, 2014 and before July 1, 2015, the tax credit is equal to 30% of the first \$25,000 of the cost of purchase, limited to a system which has a cost of no more than \$3.50 per watt and which provides for no more than 5 kilowatts of energy.
3. On or after July 1, 2015 and before January 1, 2017, the tax credit is equal to 25% of the first \$25,000 of the cost of purchase, limited to a system which has a cost of no more than \$2.00 per watt and which provides for no more than 5 kilowatts of energy.

There are no tax credits authorized, issued or granted for systems installed after December 31, 2017.

Proposed law requires the claim for a tax credit by a taxpayer who purchases a newly constructed home with a system already installed to be claimed on a tax return in the taxable year in which the act of sale occurred. The claim for a tax credit by a taxpayer who purchases a system for installation at another person's residence through a lease or other agreement must be claimed on a tax return for the taxable year in which the system is completed and placed in service. Proof of system installation must be provided with claims for tax credit.

Proposed law requires a "system" to be installed on the property of the residence to which the energy is delivered; requires the "system" to have been sold and installed by a person who is licensed by the Louisiana State Licensing Board for Contractors; and requires the system to be compliant with the requirements of the federal American Recovery and Reinvestment Act (ARRA), including, but not limited to all major components such as the inverter, racking, and solar modules.

Proposed law prohibits the cost of a purchase from including a lease management fee or anything of value from a seller, installer, or manufacturer as an inducement to purchase a system.

Proposed law authorizes a refund of the excess of the credit over tax liability from current collections of income, corporate franchise, and sales taxes.

Proposed law defines the components of a "solar electric system" and a "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 removes the need of DOR to consult with the Dept. of Natural Resources.

Proposed law provides that nothing in proposed law shall affect 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.

Effective July 1, 2013.

(Amends R.S. 47:6030(A) through (D), and (F); adds R.S. 47:6030(B)(3) and (G))

Summary of Amendments Adopted by House

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

1. Limited the maximum amount of solar thermal system tax credit to the lesser of the 12-month average of the previous calendar year's energy needs of the residence, or the number of kilowatts, up to 12 kilowatts, installed at a single residence at a cost basis of \$4.50 per watt.
2. Limited the maximum amount of solar thermal system tax credit to \$10,000 or a cost basis of \$4.50 per BTU equivalent watt for a single residence.

House Floor Amendments to the engrossed bill.

1. Makes technical changes.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Deletes the separate calculation of tax credits for solar electric systems and solar thermal systems and their changing rates and their "caps".
2. Specifies that no tax credits can be authorized, issued or granted for systems installed after December 31, 2017.
3. Instead of an individual credit a solar electric system and a solar thermal system, provides that the tax credit is limited to one or any combination of those components.
4. Requires a "system" to be installed on the property of the residence to which the energy is delivered and requires the "system" to have been sold and installed by a person who is licensed by the Louisiana State Licensing Board for Contractors.
5. Specifically authorizes only one tax credit each residence.
6. Changes the effective date from the governor's signature to January 1, 2014.

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

1. Changes the tax credit for third party installers through a lease or other agreement with the owner of the residence to a declining percentage of the first \$25,000 of the cost and a declining per watt "cap" for certain time periods ending before January 1, 2017 instead of before January 1, 2018.
2. Makes the tax credit also applicable to systems purchased and installed as part of any "energy efficiency" implemented in accordance with rules or policies of any state agency, political subdivision, or regulatory agency.
3. Requires the claim for a tax credit by a taxpayer who purchases a newly constructed home with a system already installed to be claimed on a tax return in the taxable year in which the act of sale occurred.
4. Requires the claim for a tax credit by a taxpayer who purchases a system for installation at another person's residence through a lease or other agreement to be claimed on a tax return for the taxable year in which the system is completed and placed in service, instead of the year in which the act of sale occurred.
5. Requires proof of system installation to be provided with claims for tax credit.
6. Requires the system to be compliant with the requirements of the federal American Recovery and Reinvestment Act (ARRA), including, but not limited to all major components such as the inverter, racking, and solar modules.
7. Clarifies that the tax credit is for the cost of the installation of a "system" at a single family residence located in Louisiana or if or already installed in a newly constructed home. Further defines "home" and "residence" as a single family, detached dwelling.
8. Specifies that the limitation that only one tax credit for a system is authorized for each residence applies to tax credits claimed before July 1, 2013.
9. Prohibits the cost of a purchase on which the tax credit is based from including a lease management fee.