HLS 15RS-1112 ORIGINAL

2015 Regular Session

HOUSE BILL NO. 779

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BY REPRESENTATIVE PONTI

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

1 AN ACT

To amend and reenact R.S. 47:6030(A)(1), (B), (C)(6), and (D), relative to tax credits; to provide with respect to the solar energy systems tax credit; to provide for the amount of the credit; to provide with respect to eligibility for certain types of solar energy systems; to limit certain types of financing for eligible systems; to provide with respect to the claiming of the credit; to repeal the credit for leased systems; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6030(A)(1), (B), (C)(6), and (D) are hereby amended and reenacted to read as follows:

11 §6030. Solar energy systems tax credit

A.(1) There shall be a credit against the income tax for the cost of purchase and installation of a solar electric system, a solar thermal system, or any combination of components thereof, hereinafter collectively referred to as "system", at a single-family residence located in Louisiana. The credit is allowed if a newly constructed home with such a system already installed is purchased or if such a system is purchased and installed at an existing home. In addition to eligibility requirements provided in Subsection B of this Section, to be eligible for a tax credit, the system shall have been sold by and installed by a person who is licensed by the Louisiana State Licensing Board for Contractors, and with respect to any system components

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

purchased on or after July 1, 2013, the system shall 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. Each eligible system shall be installed on the property of the residence to which the electrical, mechanical, or thermal energy is delivered. With respect to each residence, there shall be allowed only one tax credit for the purchase and installation of a system and no other tax credit is allowed for any other system installed at that residence. The provisions of this Section shall in no way be construed or interpreted to allow more than one tax credit authorized under this Section, including any tax credit claimed before July 1, 2013, for any residence. Once a tax credit authorized pursuant to this Section is claimed by a taxpayer for a particular system, that same system shall not be eligible for any other tax credit pursuant to this Section. If the residential property or system is sold, the taxpayer who claimed the tax credit shall disclose his use of the tax credit to the purchaser.

* * *

- B.(1) The tax credit for the purchase and installation of a <u>an eligible</u> system at a Louisiana residence or for a system which is already installed in a newly constructed home located in Louisiana shall be equal to fifty percent of the first twenty-five twenty thousand dollars of the cost of a system that is purchased and installed on or after January 1, 2008, and before January 1, 2018. There shall be no tax credits authorized, issued, or granted as provided in this <u>Paragraph Section</u> for systems installed after December 31, 2017.
- (2) Leased systems. Tax credits authorized under this Section 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 shall be subject to the following provisions:
- (a) The tax credit shall be equal to fifty percent of the first twenty-five thousand dollars of the cost of purchase for a system installed before January 1, 2014. For a system installed on or after January 1, 2014, and before January 1, 2018,

1	the tax credit shall be equal to thirty-eight percent of the first twenty-five thousand
2	dollars of the cost of purchase.
3	(b) The purchase and installation of a system shall be eligible for a tax credit
4	under following circumstances:
5	(i) For a system purchased and installed on or after July 1, 2013, and before
6	July 1, 2014, the system shall cost no more than four dollars fifty cents per watt and
7	provide for no more than six kilowatts of energy.
8	(ii) For a system purchased and installed on or after July 1, 2014, and before
9	July 1, 2015, the system shall cost no more than three dollars fifty cents per watt and
10	provide for no more than six kilowatts of energy.
11	(iii) For a system purchased and installed on or after July 1, 2015, and before
12	January 1, 2018, the system shall cost (a) The system costs no more than two dollars
13	per watt and provide provides for no more than six eight kilowatts of energy.
14	(c) There shall be no tax credits authorized, issued, or granted as provided
15	in this Paragraph for systems installed after December 31, 2017.
16	(b) The system services the electrical energy needs of the taxpayer's primary
17	residence.
18	(c) The cost of the system and installation is financed for no more than forty-
19	eight months, with payment in full required within forty-eight months, and without
20	an option to refinance any unpaid amount at the conclusion of the forty-eight month
21	period.
22	C. As used in this Section:
23	* * *
24	(6) "System" means a solar electric or solar thermal system, or any
25	combination of components thereof. The following types of equipment are
26	specifically excluded: solar thermal energy system, solar air conditioning system,
27	solar attic fan or ventilation system, solar powered light, solar day lighting apparatus,
28	solar powered pool pump or heating system, solar gate operating system, all other
29	stand alone devices, and other equipment further prohibited by administrative rule.

1	D.(1) The credit may be used in addition to any federal tax credits earned for
2	the same system. However, a taxpayer shall not receive any other state tax credit,
3	exemption, exclusion, deduction, or any other tax benefit for property for which the
4	taxpayer has received a tax credit under this Section.
5	(2)(a) If a taxpayer purchases and installs a system at his own residence, the
6	The credit shall be claimed on the tax return only for the taxable year in which the
7	system is completed and placed in service. If a taxpayer purchases a newly
8	constructed home with a system already installed, the credit shall be claimed on the
9	tax return only for the taxable year in which the act of sale occurred. Proof of system
10	installation shall be provided with a claim for a tax credit.
11	(b) If a third-party taxpayer purchases a system for installation at another
12	person's residence through a lease with the owner of the residence, the credit shall
13	be claimed on the tax return for the taxable year in which the system is completed
14	and placed in service. Proof of system installation shall be provided with a claim for
15	a tax credit. There shall be no carryforward of any unused tax credit amount.
16	(3) To claim the credit, Department of Revenue Form R-1086 shall be
17	submitted along with the following information:
18	(a) Proof of system installation.
19	(b) A copy of a contract signed by the taxpayer demonstrating either full
20	payment, or financing with a term of no more than forty-eight months.
21	(c) The serial number, model number, and energy output for each solar panel
22	installed.
23	(d) Any other documentation required by administrative rule.
24	* * *
25	Section 2. The provisions of this Act apply to any system installed on or after the
26	effective date of this Act.
27	Section 3. This Act shall become effective upon signature by the governor or, if not
28	signed by the governor, upon expiration of the time for bills to become law without signature
29	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
- 2 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 779 Original

2015 Regular Session

Ponti

Abstract: Regarding the solar energy systems tax credit, for a purchased system, reduces the maximum value of a system eligible for the credit <u>from</u> \$25,000 <u>to</u> \$20,000 and provides for various other changes regarding system eligibility and requirements for the claiming of the credit; repeals the credit for leased systems.

<u>Present law</u> 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

<u>Present law</u> 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.

<u>Proposed law</u> reduces the maximum amount of the credit <u>from</u> 50% of the first \$25,000 of the system's cost <u>to</u> 50% of the first \$20,000 of the system's cost.

<u>Proposed law</u> adds the following requirements for an eligible system: the maximum system size is 8 kilowatts of energy at a cost of no more than \$2 per watt, and any financing for the system purchase shall not exceed 48 months.

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

<u>Proposed law</u> 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.

<u>Present law</u> 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.

<u>Proposed law</u> retains <u>present law</u> but adds a limitation on the taking of the credit by requiring that the credit be claimed only in the year in which the installation or home purchase took place. <u>Proposed law</u> prohibits the carryforward of any unused credit amount.

<u>Proposed law</u> 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, and any other documentation that may be required by administrative rule.

Leased system

<u>Present law</u> 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.

<u>Proposed law</u> repeals <u>present law</u> authorizing tax credits for leased systems.

Applicable to any system installed on or after the effective date of this Act.

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

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