

2015 Regular Session

HOUSE BILL NO. 817

BY REPRESENTATIVE BROADWATER

TAX CREDITS: Provides relative to solar energy systems tax credit

1 AN ACT

2 To amend and reenact R.S. 47:6030(A)(1), (B), (C)(6), and (D), relative to tax credits; to
3 provide with respect to the solar energy systems tax credit; to provide for the amount
4 of the credit; to provide for an annual cap on the amount of certain credits; to
5 provide with respect to eligibility for certain types of solar energy systems; to
6 provide for applicability; to provide for effectiveness; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

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

11 §6030. Solar energy systems tax credit

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

1 purchased on or after July 1, 2013, the system shall be compliant with the
2 requirements of the federal American Recovery and Reinvestment Act (ARRA),
3 including but not limited to all major components such as the inverter, racking, and
4 solar modules. Each eligible system shall be installed on the property of the
5 residence to which the electrical, ~~mechanical, or thermal~~ energy is delivered. With
6 respect to each residence, there shall be allowed only one tax credit for the purchase
7 and installation of a system and no other tax credit is allowed for any other system
8 installed at that residence. The provisions of this Section shall in no way be
9 construed or interpreted to allow more than one tax credit authorized under this
10 Section, including any tax credit claimed before July 1, 2013, for any residence.
11 Once a tax credit authorized pursuant to this Section is claimed by a taxpayer for a
12 particular system, that same system shall not be eligible for any other tax credit
13 pursuant to this Section. If the residential property or system is sold, the taxpayer
14 who claimed the tax credit shall disclose his use of the tax credit to the purchaser.

15 * * *

16 B.(1) The tax credit for the purchase and installation of a system at a
17 Louisiana residence or for a system which is already installed in a newly constructed
18 home located in Louisiana shall be equal to ~~fifty percent of the first twenty-five~~
19 ~~thousand dollars of the cost of~~ the lesser of fifty percent of the cost of the system or
20 two dollars multiplied by the total system size measured in watts DC; however, the
21 total amount of the credit shall not exceed ten thousand dollars for a system that is
22 purchased and installed on or after ~~January 1, 2008,~~ July 1, 2015, and before January
23 1, 2018. There shall be no tax credits authorized, issued, or granted as provided in
24 this Paragraph for systems installed after December 31, 2017.

25 (2) Leased systems. Tax credits authorized under this Section for the
26 purchase and installation of a system at a Louisiana residence by a third party
27 through a lease with the owner of the residence shall be subject to the following
28 provisions.

1 (a) The tax credit shall be equal to ~~fifty~~ thirty-eight percent of the ~~first~~
2 ~~twenty-five thousand dollars of the cost of purchase for a system installed before~~
3 ~~January 1, 2014. For a system installed on or after January 1, 2014, and before~~
4 ~~January 1, 2018, the tax credit shall be equal to thirty-eight percent of the first~~
5 ~~twenty-five thousand dollars of the cost of purchase.~~

6 (b) ~~The purchase and installation of a system shall be eligible for a tax credit~~
7 ~~under following circumstances:~~

8 (i) ~~For a system purchased and installed on or after July 1, 2013, and before~~
9 ~~July 1, 2014, the system shall cost no more than four dollars fifty cents per watt and~~
10 ~~provide for no more than six kilowatts of energy.~~

11 (ii) ~~For a system purchased and installed on or after July 1, 2014, and before~~
12 ~~July 1, 2015, the system shall cost no more than three dollars fifty cents per watt and~~
13 ~~provide for no more than six kilowatts of energy.~~

14 (iii) ~~For a system purchased and installed on or after July 1, 2015, and before~~
15 ~~January 1, 2018, provided that the system shall cost no more than two dollars per~~
16 ~~watt and provide for no more than six kilowatts of energy.~~

17 (b) The aggregate amount of tax credits for leased systems claimed by
18 taxpayers for calendar years 2015, 2016, and 2017 shall not exceed twenty million
19 dollars per calendar year. The department shall promulgate rules and regulations to
20 establish the method for allocating available tax credits, including but not limited to
21 a first-come, first-served system, reservation of tax credits for a specific period of
22 time, or other method which the secretary, in his discretion, finds beneficial to the
23 program. In any year in which the total amount of available credits is not allocated,
24 the amount of unallocated tax credits shall carry forward to the next calendar year
25 and may be added to the total amount of tax credits allocated for that year.

26 (c) There shall be no tax credits authorized, issued, or granted as provided
27 in this Paragraph for systems installed after December 31, 2017.

28 C. As used in this Section:

29 * * *

1 (6) "System" means a solar electric or solar thermal system, or any
2 combination of components thereof. The following types of equipment are
3 specifically excluded: solar thermal energy system, solar air conditioning system,
4 solar attic fan or ventilation system, solar powered light, solar day lighting apparatus,
5 solar powered pool pump or heating system, solar gate operating system, all other
6 stand alone devices, and other equipment further prohibited by administrative rule.

7 D.(1) The credit may be used in addition to any federal tax credits earned for
8 the same system. However, a taxpayer shall not receive any other state tax credit,
9 exemption, exclusion, deduction, or any other tax benefit for property for which the
10 taxpayer has received a tax credit under this Section.

11 (2)(a) ~~If a taxpayer purchases and installs a system at his own residence, the~~
12 The credit shall be claimed on the tax return only for the taxable year in which the
13 system is completed and placed in service. If a taxpayer purchases a newly
14 constructed home with a system already installed, the credit shall be claimed on the
15 tax return for the taxable year in which the act of sale occurred. ~~Proof of system~~
16 installation shall be provided with a claim for a tax credit. There shall be no
17 carryforward of any unused tax credit amount.

18 (b) If a third-party taxpayer purchases a system for installation at another
19 person's residence through a lease with the owner of the residence, the credit shall
20 be claimed on the tax return for the taxable year in which the system is completed
21 and placed in service. ~~Proof of system installation shall be provided with a claim for~~
22 ~~a tax credit. There shall be no carryforward of any unused tax credit amount.~~

23 (3) To claim the credit, the following information shall be submitted to the
24 Department of Revenue:

25 (a) Proof of system installation.

26 (b) The serial number, model number, and energy output for each solar panel
27 installed.

1 (c) A copy of the customer lease agreement, if applicable and any other
2 documentation required by administrative rule.

3 * * *

4 Section 2. The provisions of this Act shall apply to any system installed on or after
5 the effective date of this Act.

6 Section 3. This Act shall become effective upon signature by the governor or, if not
7 signed by the governor, upon expiration of the time for bills to become law without signature
8 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
9 vetoed by the governor and subsequently approved by the legislature, this Act shall become
10 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 817 Engrossed

2015 Regular Session

Broadwater

Abstract: Reduces the amount of the solar energy system tax credit for systems purchased and installed in certain homes from \$25,000 to the lesser of 50% of the cost of the system or \$2 multiplied by the total system size measured in watts 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. Credit requirements and benefits differ based on 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.

Proposed law changes the amount of the credit from 50% of the first \$25,000 of the system's cost to the lesser of 50% of the cost of the system or \$2 multiplied by the total system size measured in watts DC. Proposed law caps the maximum amount of the credit at \$10,000 for a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018.

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 for claiming the tax credit, including the requirement that the credit be claimed in the year in which the system is installed, or, if being claimed on a newly purchased home, in the year the home is bought.

Proposed law retains present law but adds a limitation that the credit be claimed only in the year in which the installation or home purchase took place. Proposed law prohibits the carryforward of any unused credit amount.

Proposed law requires the submission of proof of installation, serial number, model number, and energy output for each solar panel installed, as well as a copy of the customer lease agreement and any other documentation by the department by the taxpayer when claiming the credit.

Leased system

Present law provides that the amount of the tax credit for a system 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 repeals present law provisions relative to leased systems installed prior to July 1, 2015, in favor of setting the amount of the credit for leased systems at 35% of the cost of a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, provided the system costs no more than \$2 per watt or provides no more than six kilowatts of energy.

Proposed law caps the aggregate amount of tax credits claimed by taxpayers for leased systems for calendar years 2015, 2016, and 2017, at \$20 million per calendar year. Requires the department to promulgate rules to establish a method of allocating tax credits. Authorizes unallocated tax credits in any calendar year to be carried forward to the next calendar year and added to the total amount of tax credits allocated for that year.

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))

Summary of Amendments Adopted by House

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

1. Change the amount of the credit for a system purchased by a homeowner to the lesser of 50% of the cost of the system or \$2 multiplied by the total system size measured in watts DC.
2. Cap the maximum amount of the credit at \$10,000 for a system purchased and installed by a homeowner on or after July 1, 2015, and before Jan. 1, 2018.

3. Change the cap for leased systems to no more than \$20 million per calender year for calendar years 2015, 2016, and 2017.
4. Add requirement that the taxpayer attach a copy of the lease agreement when claiming the credit on a tax return.