RÉSUMÉ DIGEST

ACT 131 (HB 779) **2015 Regular Session** **Ponti**

Existing 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 their residence, or if it is purchased by a third party for installation at another person's residence, typically through a lease agreement.

Purchased system

Existing law prohibits tax credits for any system installed after Dec. 31, 2017.

Existing 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 the system's cost for a system purchased and installed on or after Jan. 1, 2008, and before July 1, 2015.

New law changes the maximum amount of the credit for a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, by reducing the maximum credit amount to the lesser of any of the following: 50% of the cost of purchase and installation, $2.00 multiplied by the size of the system measured in DC watts, or $10,000.

New law beginning with Fiscal Year 2015-2016, establishes annual caps 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.

2. For tax credits claimed on returns filed on or after July 1, 2016, and before July 1, 2017, no more than $10 million.

3. For tax credits claimed on a return filed on or after July 1, 2017, no more than $5 million.

Leased system

Existing law prohibits tax credits for any system installed after Dec. 31, 2017.

Existing 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 and installation for a leased system purchased and installed prior to July 1, 2015.

New law reduces the maximum credit amount for a leased system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, from 38% of the first $25,000 of the system's costs to 38% of the first $20,000 of the cost of purchase and installation.

New law establishes a $19 million cap on the amount of tax credits for leased systems which may be allowed on tax returns during Fiscal Year 2014-2015 for credits not granted prior to June 1, 2015.

New law beginning with Fiscal Year 2015-2016, establishes annual caps 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.

2. For tax credits claimed on returns filed on or after July 1, 2016, and before July 1, 2017, no more than $10 million.

3. For tax credits claimed on returns filed on or after July 1, 2017, no more than $5 million.

All systems

New law, with respect to the annual caps on the total amount of tax credits which may be allowed on tax returns per fiscal year, provides that the granting of credits shall be on a first-come, first-served basis. If the total amount of credits applied for in any particular fiscal year exceeds the amount of tax credits authorized for that year, the excess shall be treated as having been applied for on the first day of the subsequent year. All requests received on the same business day shall be treated as received at the same time, and if the aggregate amount of the requests received on a single business day exceed the total amount of available tax credits, tax credits shall be approved on a pro rata basis. Beginning in Fiscal Year 2015-2016, claims for credits shall be filed electronically.

Prior law defined a "solar energy system" eligible for the credit as a "solar electric system" or a "solar thermal system".

New law repeals eligibility for a "solar thermal system" and redefines "solar energy system" to exclude the following types of solar energy equipment: air conditioning, ventilation, lighting, pool equipment, gate systems, and other equipment as provided by administrative rule.

Existing law 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 is installed, or, if being claimed on a newly purchased home, in the year in which the home is bought.

New law adds a limitation on the taking of the credit by prohibiting any additional solar energy system tax credits once a solar energy system tax credit, regardless of the amount, has been claimed on equipment for that residence.

New law prohibits eligibility for the tax credit if a system is financed by a solar dealer, solar installer, or installer affiliate, as such terms are defined by new law.

New law requires the submission of certain specific information by a taxpayer when claiming a credit. This includes proof of installation, information on the solar panels, a form for use in providing the sworn statements by the dealer and installer regarding the system size, and any other documentation that may be required by administrative rule. New law provides the form to be used in the provision of the sworn statements.

New law authorizes the secretary of the Dept. of Revenue to withhold the payment of a tax credit in cases of federal or state tax liens, pending charges or investigations, or third party claims against the taxpayer or an affiliate of the taxpayer.

Effective upon signature of governor (June 19, 2015).

(Amends R.S. 47:6030(A)(1), (B), (C)(6), (D) and (F); Adds R.S. 47:6030(C)(7) and (8); Repeals R.S. 47:6030(C)(5))