

Regular Session, 2013

HOUSE BILL NO. 705

BY REPRESENTATIVE PONTI

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

1 AN ACT

2 To amend and reenact R.S. 47:6030, relative to tax credits; to repeal the tax credit for wind
3 energy systems; to establish a tax credit for certain solar energy systems; to provide
4 authorization for a credit against taxes in which the credit can be claimed; to provide
5 the manner in which the credit may be claimed; to provide for a refund of any credit
6 in excess of the tax liability; to provide for the promulgation of rules and regulations;
7 to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6030 is hereby amended and reenacted to read as follows:

10 §6030. ~~Wind or solar~~ Solar energy systems tax credit

11 A. There shall be a credit against the income tax for the cost of purchase and
12 installation of a ~~wind energy~~ solar electric system or solar ~~energy~~ thermal system,
13 ~~or both~~, by a taxpayer at his residence located in this state, ~~by the owner of a~~
14 ~~residential rental apartment project~~, or by a taxpayer who purchases and installs such
15 a system in a residence ~~or a residential rental apartment project~~ which is located in
16 Louisiana. The credit may be claimed in cases where the resident individual
17 purchases a newly constructed home with such a system already installed or where
18 such a system is purchased and installed at an existing home, ~~or where such systems~~
19 ~~are installed in new or existing apartment projects. Only one such tax credit shall be~~

1 ~~available for any eligible system.~~ Each eligible system shall be installed on the
2 property of the residence to which the electrical, mechanical, or thermal energy is
3 delivered. With respect to each residence, only one credit for a solar electric system
4 or one credit for a solar thermal system shall be authorized. Once a tax credit
5 authorized pursuant to this Section is claimed by a taxpayer for a particular system,
6 that same system shall not be eligible for any other tax credit pursuant to this
7 Section. If the residential property or system is sold, the taxpayer who claimed the
8 tax credit shall disclose his use of the tax credit to the purchaser.

9 B.(1)(a) The credit for each solar electric system shall be equal to fifty
10 percent of the first twenty-five thousand dollars of the cost of purchase for each ~~wind~~
11 ~~energy system~~ or solar energy electric system, including installation costs, that is
12 purchased and installed by a taxpayer at his residence or by a third-party taxpayer at
13 a residence in this state through a lease with the owner of the residence on or after
14 January 1, 2008, and before December 31, 2016.

15 (b) The credit for each solar electric system shall be equal to thirty-five
16 percent of the first twenty-five thousand dollars of the cost of purchase for each solar
17 electric system, including installation costs, that is purchased and installed by a
18 taxpayer at his residence or by a third-party taxpayer at a residence in this state
19 through a lease with the owner of the residence on or after January 1, 2017, and
20 before December 31, 2020.

21 (c) The credit for the cost of purchase for a solar electric system installed by
22 a taxpayer at his residence shall not exceed the lesser of the twelve-month average
23 of the previous calendar year of the energy needs of the residence or the number of
24 kilowatts, up to twelve kilowatts, installed at a single residence at a cost basis of four
25 dollars and fifty cents per watt.

26 (d) The credit for the cost of purchase for a solar electric system installed by
27 a third-party taxpayer at a residence through a lease with the owner of the residence
28 shall not exceed the lesser of the twelve-month average of the previous calendar year
29 of the energy needs of the residence or the number of kilowatts, up to twelve

1 kilowatts, installed at a single residence at the cost basis of four dollars and fifty
2 cents per watt.

3 (2)(a) The credit for each solar thermal system shall be equal to fifty percent
4 of the first ten thousand dollars of the cost of purchase for each solar thermal system,
5 including installation costs, that is purchased and installed by a taxpayer at his
6 residence or by a third-party taxpayer at a residence in this state through a lease with
7 the owner of the residence on or after January 1, 2013, and before December 31,
8 2016.

9 (b) The credit for each solar thermal system shall be equal to thirty-five
10 percent of the first ten thousand dollars of the cost of purchase for each solar thermal
11 system, including installation costs, that is purchased and installed by a taxpayer at
12 his residence or by a third-party taxpayer at a residence in this state through a lease
13 with the owner of the residence on or after January 1, 2017, and before December
14 31, 2020.

15 (c) The credit for the cost of purchase for a solar thermal system installed by
16 a taxpayer at his residence or by a third-party taxpayer at a residence in this state
17 through a lease with the owner of the residence shall not exceed ten thousand dollars
18 or a cost basis of four dollars and fifty cents per BTU equivalent watt for a single
19 residence.

20 (3) Whenever, in return for the purchase price or as an inducement to make
21 a purchase, marketing rebates or incentives are offered, the cost of purchase shall be
22 reduced by the fair market value of the marketing rebate or incentive received.
23 Marketing rebates or incentives include but are not limited to cash rebates, prizes,
24 gift certificates, trips, additional energy efficiency items or services except energy
25 audits offered at no charge to the consumer, or any other thing of value given by the
26 seller, installer, or equipment manufacturer to the taxpayer as an inducement to
27 purchase a solar electric or solar thermal system.

28 (4) The credit may be used in addition to any federal tax credits earned for
29 the same system. A taxpayer shall not receive any other state tax credit, exemption,

1 exclusion, deduction, or any other tax benefit for property for which the taxpayer has
2 received a tax credit under this Section.

3 ~~(2)~~ (5) In the case of a taxpayer who purchases and installs such a system in
4 a residence ~~or a residential rental apartment project~~ which is located in Louisiana,
5 the tax credit shall be claimed on the return for the taxable year in which such system
6 is completed and placed in service. In the case of a taxpayer who purchases a newly
7 constructed home ~~or newly constructed residential rental apartment project~~ with such
8 a system, the tax credit shall be claimed on the return for the taxable year in which
9 the act of sale takes place.

10 C. Notwithstanding any other provision of law to the contrary, any excess
11 of allowable credit over the aggregate tax liabilities against which such credit may
12 be applied, as provided in this Section, shall constitute an overpayment, as defined
13 in R.S. 47:1621(A), and the secretary shall make a refund of such overpayment from
14 the current collections of the taxes imposed by Chapter 1, ~~or Chapter 2, Chapter 2-A,~~
15 Chapter 2-B, or Chapter 5 of Subtitle II of this Title, together with interest as
16 provided in R.S. 47:1624. The right to a credit or refund of any such overpayment
17 shall not be subject to the requirements of R.S. 47:1621(B). All credits and refunds,
18 together with interest thereof, must be paid or disallowed within one year of receipt
19 by the secretary of any such claim for refund or credit. Failure of the secretary to
20 pay or disallow, in whole or in part, any claim for a credit or a refund shall entitle the
21 aggrieved taxpayer to proceed with the remedies provided in R.S. 47:1625.

22 D. As used in this Section:

23 (1) ~~"Wind energy system" means a system of apparatus and equipment with~~
24 ~~the primary purpose of intercepting and converting wind energy into mechanical or~~
25 ~~electrical energy and transferring this form of energy by a separate apparatus to the~~
26 ~~point of use or storage.~~ "Cost of purchase" means the reasonable and prudent costs
27 for the equipment and installation of the solar electric or solar thermal systems.

28 (2) ~~"Solar energy system" means an energy system with the primary purpose~~
29 ~~of collecting or absorbing sunlight for conversion into electricity or an energy system~~

1 ~~with the primary purpose of collecting or absorbing solar energy for conversion into~~
2 ~~heat for the purposes of space heating, space cooling, or water heating.~~

3 "Solar electric system" means a system consisting of photovoltaic panels with
4 the primary purpose of converting sunlight to electrical energy and all equipment and
5 apparatus necessary to connect, store, and process the electrical energy for
6 connection to and use by an electrical load. "Solar electric system" shall include
7 grid-connected net metering systems, grid-connected net metering systems with
8 battery backup, stand-alone alternating current (AC) systems, and stand-alone direct
9 current (DC) systems. The eligible system components for a solar electric system
10 include the following:

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

17 (b) For stand-alone solar electric AC systems, the components include
18 photovoltaic panels, mounting systems, inverters, charge controllers, batteries,
19 battery cases, AC and DC disconnects, lightning and ground fault protection,
20 junction boxes, remote metering display devices, and related electrical wiring
21 materials from the photovoltaic panels to point of interconnection with the residence
22 or electrical load.

23 (c) For stand-alone solar electric DC systems, the components include
24 photovoltaic panels, mounting systems, charge controllers, batteries, battery cases,
25 DC disconnects, lightning and ground fault protection, junction boxes, remote
26 metering display devices, and related electrical wiring materials from the
27 photovoltaic panels to point of interconnection with the residence or electrical load.

28 (3) "Solar thermal system" means a system consisting of a solar energy
29 collector with the primary purpose of converting sunlight to thermal energy and all

1 devices and apparatus necessary to transfer and store the collected thermal energy
2 for the purposes of heating water, space heating, or space cooling. The eligible
3 system components for a solar thermal system include solar thermal collectors,
4 mounting systems, solar hot water storage tanks, timers, pumps, heat exchangers,
5 drain back tanks, expansion tanks, controllers, sensors, valves, freeze protection
6 devices, air elimination devices, photovoltaic panels for PV systems, piping,
7 insulation, and other related materials from the solar thermal collectors to the solar
8 hot water storage tanks.

9 E. Credits may be claimed in accordance with the following:

10 (1) Any entity taxed as a corporation for Louisiana income tax and franchise
11 tax purposes shall claim any credit authorized according to the provisions of this
12 Section on its corporation income and franchise tax return.

13 (2) Any individual, estate, or trust shall claim any credit authorized
14 according to the provisions of this Section on its income tax return.

15 (3) Any entity not taxed as a corporation shall claim any credit authorized
16 according to the provisions of this Section on the returns of the partners or members
17 as follows:

18 (a) Corporate partners or members shall claim their share of the credit on
19 their corporation income tax or franchise tax returns.

20 (b) Individual partners or members shall claim their share of the credit on
21 their individual income tax or franchise tax returns.

22 (c) Partners or members that are estates or trusts shall claim their share of the
23 credit on their fiduciary income tax returns.

24 F. The secretary of the Department of Revenue ~~in consultation with the~~
25 ~~secretary of the Department of Natural Resources~~ shall promulgate such rules and
26 regulations in accordance with the Administrative Procedure Act as may be
27 necessary to carry out the provisions of this Section. The rules and regulations shall
28 be promulgated within ninety days of the effective date of this Section.

1 Section 2. Nothing in this Act shall affect or defeat any claim, assessment, appeal,
2 suit, right, or cause of action for taxes or refunds due or accrued under the income tax laws
3 of this state before the date on which this Act becomes effective, whether such claims,
4 assessments, appeals, suits, or actions have been instituted before the date on which this Act
5 becomes effective or are instituted thereafter if the claim, assessment, appeal, suit, or action
6 relates to a taxable period ending on or before the effective date of this Act.

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

Ponti

HB No. 705

Abstract: Repeals the tax credit for wind energy systems; converts the solar energy system credit to a solar electric system credit and authorizes a credit for solar thermal systems.

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

Proposed law repeals the tax credit for wind energy systems and changes the tax credit for solar energy systems to a tax credit for solar electric systems. Proposed law also authorizes a tax credit for solar thermal systems.

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 repeals the tax credit for installations in a residential rental apartment project.

Proposed law provides that a tax credit shall be limited to either one for a solar electric system or one for a solar thermal system.

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 present law but sunsets provisions of present law relative to the amount of the solar electric system tax credit on Dec. 31, 2016.

Proposed law authorizes a solar electric system tax credit equal to 35% of the first \$25,000 of the cost of purchase and installation of a solar electric system between Jan. 1, 2017, and Dec. 31, 2020. The credit shall not exceed the lesser of the 12-month average of the previous calendar year of 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.

Proposed law authorizes a solar thermal system tax credit equal to 50% of the first \$10,000 of the cost of purchase and installation of a solar thermal system between Jan. 1, 2013, and Dec. 31, 2016. The credit shall not exceed \$10,000 or a cost basis of \$4.50 per BTU equivalent watt for a single residence.

Proposed law changes the amount of the credit for a solar thermal system from 50% to 35% of the first \$10,000 of the cost of systems purchases and installed between Jan. 1, 2017, and Dec. 31, 2020.

Proposed law provides that the cost of purchase shall be reduced by the fair market value of any rebate or incentive received as an inducement to purchase a solar electric or solar thermal system.

Present law provides that, in the case of a taxpayer who purchases and installs a system in a residence or a residential rental apartment project which is located in La., the tax credit shall be claimed on the return for the taxable year in which such system is completed and placed in service. In the case of a taxpayer who purchases a newly constructed home, the tax credit shall be claimed on the return for the taxable year in which the act of sale takes place.

Proposed law defines "cost of purchase", "solar energy system", "solar electric system", and "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 regarding the Dept. of Revenue, but repeals rulemaking authority for 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 upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6030)

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.