

2015 Regular Session

HOUSE BILL NO. 779

BY REPRESENTATIVE PONTI

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

1 AN ACT

2 To amend and reenact R.S. 47:6030(A)(1), (B), (C)(6), and (D) and to repeal R.S.
3 47:6030(C)(5), relative to tax credits; to provide with respect to the solar energy
4 systems tax credit; to provide for the amount of the credit; to provide for a limitation
5 on the amount of certain credits which may be claimed in a calendar year; to provide
6 with respect to eligibility for certain types of solar energy systems; to limit certain
7 types of financing for eligible systems; to provide with respect to the claiming of the
8 credit; to provide for effectiveness; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

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

12 §6030. Solar energy systems tax credit

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

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

18 * * *

19 B.(1) Purchased systems. The tax credit for the purchase and installation of
20 ~~a~~ an eligible system at a Louisiana residence or for a system which is already
21 installed in a newly constructed home located in Louisiana shall be subject to the
22 following provisions:

23 (a) For a system purchased and installed on or after January 1, 2008, and
24 before July 1, 2015, the amount of the credit shall be equal to fifty percent of the first
25 twenty-five thousand dollars of the cost of the system.

26 (b) For a system purchased and installed on or after July 1, 2015, and before
27 January 1, 2018, the tax credit shall be equal to the least of:

28 (i) Two dollars multiplied by the total size of the system as measured in DC
29 watts.

1 (ii) Fifty percent of the cost of purchase and installation.

2 (iii) Ten thousand dollars.

3 (c) There shall be no tax credits authorized, issued, or granted as provided
4 in this Paragraph Section for systems installed after December 31, 2017 on or after
5 January 1, 2018.

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

10 (a) (i) The tax credit shall be equal to fifty percent of the first twenty-five
11 thousand dollars of the cost of purchase for a system installed before January 1,
12 2014. For a system installed on or after January 1, 2014, and before July 1, 2015, the
13 tax credit shall be equal to thirty-eight percent of the first ~~twenty-five~~ twenty
14 thousand dollars of the cost of purchase.

15 ~~(b)~~ (ii) The purchase and installation of a system shall be eligible for a tax
16 credit during these periods under following circumstances:

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

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

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

26 (b) The maximum aggregate amount of tax credits for leased systems to be
27 granted in calendar years 2015, 2016, and 2017 shall not exceed ten million dollars.
28 The granting of credits shall be on a first-come, first-served basis. If the total
29 amount of credits applied for in any particular year exceeds the aggregate amount of

1 tax credits authorized for that year, the excess shall be treated as having been applied
2 for on the first day of the subsequent year.

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

5 (3) The purchase and installation of a system shall be eligible for a tax credit
6 under the following circumstances:

7 (a) The system services the electrical energy needs of the taxpayer's primary
8 residence.

9 (b) The cost of the system and installation is financed for no more than forty-
10 eight months, with payment in full required within forty-eight months, and without
11 an option to refinance any unpaid amount at the conclusion of the forty-eight month
12 period.

13 C. As used in this Section:

14 * * *

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

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

25 (2) (a) ~~If a taxpayer purchases and installs a system at his own residence, the~~
26 The credit shall be claimed on the tax return only for the taxable year in which the
27 system is completed and placed in service. If a taxpayer purchases a newly
28 constructed home with a system already installed, the credit shall be claimed on the

1 tax return only for the taxable year in which the act of sale occurred. ~~Proof of system~~
2 ~~installation shall be provided with a claim for a tax credit.~~

3 (b) ~~If a third-party taxpayer purchases a system for installation at another~~
4 ~~person's residence through a lease with the owner of the residence, the credit shall~~
5 ~~be claimed on the tax return for the taxable year in which the system is completed~~
6 ~~and placed in service. Proof of system installation shall be provided with a claim for~~
7 ~~a tax credit.~~

8 (3) To claim the credit, a taxpayer shall submit all of the following:

9 (a) Proof of system installation.

10 (b) A copy of a contract signed by the taxpayer demonstrating either full
11 payment, or financing with a term of no more than forty-eight months.

12 (c) The serial number, model number, and energy output for each solar panel
13 installed.

14 (d) Department of Revenue Form R-1086, which shall contain the following
15 sworn statements by the licensed dealer who sold the system and the licensed
16 installer who installed the system:

17 The undersigned is an authorized principal in _____, is licensed by the
18 Louisiana Board of Contractors as required by R.S. 47:6030, and certifies under
19 penalty of law, particularly R.S. 12:202.2(A)(1)(a), that the system sold to the
20 homeowner of the residence located at _____ has a total nameplate value
21 of _____ kilowatts and that a reasonable good faith belief exists that the
22 residence is eligible for and the homeowner will receive the credit provided for in
23 this R.S. 47:6030 in the amount claimed on the homeowner's Louisiana income tax
24 return.

25 _____
26 Dealer's Name (printed) Dealer's Name (signature)

27 _____
28 Dealer's Louisiana License Number

29 The undersigned is an authorized principal in _____, is licensed by the
30 Louisiana Board of Contractors as required by R.S. 47:6030, is a licensed installer,

1 as required by R.S. 37:2156.3, and certifies under penalty of law, particularly R.S.

2 12:202.2(A)(1)(a), that the system installed at the residence located at

3 _____ has a total nameplate value of _____ kilowatts.

4 _____

5 Installer's Name (printed)

Installer's Name (signature)

6 _____
7 Installer's Louisiana License Number

8 _____
9 Date the installation of the energy system was completed and placed in service.

10 Notary Public

11 (e) Any other documentation required by administrative rule.

12 * * *

13 Section 2. R.S. 47:6030(C)(5) is hereby repealed in its entirety.

14 Section 3. The provisions of this Act shall apply to any system installed on or after
15 July 1, 2015.

16 Section 4. This Act shall become effective upon signature by the governor or, if not
17 signed by the governor, upon expiration of the time for bills to become law without signature
18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
19 vetoed by the governor and subsequently approved by the legislature, this Act shall become
20 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 Reengrossed

2015 Regular Session

Ponti

Abstract: For the solar energy systems tax credit, reduces the maximum value of the credit 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. 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

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. Present law prohibits tax credits for systems installed after Dec. 31, 2017.

Proposed law retains present law for a system purchased and installed on or after Jan. 1, 2008 and before July 1, 2015.

Proposed 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, or \$2.00 multiplied by the size of the system measured in DC watts, or \$10,000.

Leased system

Present law 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.

Proposed law retains present law for a system purchased and installed prior to July 1, 2015.

Proposed law reduces the maximum credit amount for a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, from 50% of the first \$25,000 of system costs to 50% of the first \$20,000 of system costs.

Proposed law retains present law with respect to limitations on system cost per watt and size.

Proposed law adds a \$10 million annual cap on the amount of tax credits that may be granted for leased systems in calendar years 2015, 2016, and 2017.

All systems

Proposed law imposes a 48 month limit on the length of time for which the cost of an eligible installed solar energy system may be financed.

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 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.

Proposed law retains present law but 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.

Proposed law 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, 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. Proposed law provides for the form to be use in the provision of the sworn statements.

Applicable to any system installed on or after July 1, 2015.

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

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

Summary of Amendments Adopted by House

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

1. Add a prohibition on subsequent solar energy system tax credits for equipment installed at a residence once a solar energy system tax credit has been claimed for the same residence.
2. Retain the maximum credit amount for a system purchased and installed on or after Jan. 1, 2008 and before July 1, 2015.
3. Reduce the maximum credit amount for a system purchased and installed on or after July 1, 2015 and before Jan. 1, 2018, by changing the amount from 50% of a system valued at up to \$25,000 to the lesser of 50% of the purchase and installation costs, \$2.00 multiplied by the size of the system measured in DC watts, or \$10,000.
4. Delete the prohibition on any carry forward of credits.
5. Add a requirement for the submission of a sworn statement by the system installer as to the system size, such document to be submitted by the taxpayer when claiming the credit.

The House Floor Amendments to the engrossed bill:

1. Remove the repeal of tax credits for leased systems.
2. Reduced the amount of the tax credit for a leased system from 50% of the first \$25,000 of system costs to 50% of the first \$20,000 of system costs.
3. Add a \$10 million annual cap on the amount of tax credits for leased systems that may be granted in calendar years 2015, 2016, and 2017.