HOUSE SUMMARY OF SENATE AMENDMENTS

HB 779 **2015 Regular Session** **Ponti**

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

Synopsis of Senate Amendments

1. Establish an annual cap on the total amount of tax credits for *purchased* systems which can be allowed on tax returns over the next three fiscal years:

   FY2015-2016 $10 million

   FY2016-2017 $10 million

   On or after July 1, 2017 $5 million

2. Establish an annual cap on the total amount of tax credits on *leased* systems which can be allowed on tax returns over the next three fiscal years:

   For credits not granted prior to June 1, 2015, $19 million

   FY2015-2016 $10 million

   FY2016-2017 $10 million

   On or after July 1, 2017 $5 million

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

4. Delete the provision for applicability of proposed law to only those systems installed on or after July 1, 2015.

5. Add authorization for the withholding of the payment of a tax credit if there are existing federal or state tax liens, pending charges or investigations, or third party claims against the taxpayer or an affiliate of the taxpayer.

6. Add definitions for "solar installer" and "installer affiliate".

7. Add a restriction on eligibility for the credit to exclude a system that is financed by a solar installer or installer affiliate.

Digest of Bill as Finally Passed by Senate

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

Proposed 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 dollars.

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

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

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 leased system purchased and installed prior to July 1, 2015.

Proposed 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 50% of the first $25,000 of the system's costs to 50% of the first $20,000 of the system's costs.

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

Proposed 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.

Proposed 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 of tax credits.

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

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

All systems

Proposed 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 must be approved on a pro rata basis. Beginning in Fiscal Year 2015-2016, claims for credits shall be filed electronically.

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 prohibits that a system which is financed by a solar dealer, solar installer, or installer affiliate from being eligible for the credit.

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, 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 used in the provision of the sworn statements.

Proposed law authorizes for the secretary of the Dept. of Revenue to withhold the payment of a tax credit if there are existing federal or state tax liens, pending charges or investigations, or third party claims against the taxpayer or an affiliate of the taxpayer.

Proposed law defines "installer affiliate" and "solar installer" for purposes of proposed law.

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

(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))