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## DIGEST

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HB 301 Original

2017 Regular Session

Foil

**Abstract:** Terminates the solar energy systems tax credit for both purchased and leased systems on June 30, 2017, and removes the cap on the payment of tax credits claimed for eligible systems.

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 for a system purchased by a homeowner before July 1, 2015, the amount of the tax credit is equal to 50% of the first \$25,000 of the system's cost. The amount of the tax credit for a system purchased and installed by a homeowner on or after July 1, 2015, and before Jan. 1, 2018, is the lesser of any of the following: 50% of the cost of purchase and installation, \$2 multiplied by the size of the system measured in direct current watts, or \$10,000.

Proposed law retains present law.

Present law establishes annual caps, beginning with FY 2016, 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.

Proposed law repeals the cap restrictions for purchased systems and provides that there shall be no limitation on the amount of credits granted for systems purchased and installed after July 1, 2015, and before July 1, 2017. Further provides that beginning July 1, 2017, any credit claim for a purchased system that was denied based in whole or in part on the limitation on the amount of credits granted in FY 2016 and 2017 shall be granted the full amount of credit for which the systems were

eligible based on the original claim, provided the claim meets all requirements of an eligible system.

Proposed law further authorizes the payment of interest at the annual rate established in present law beginning 90 days after July 1, 2017, for all payments of credit claims which were previously denied based in whole or in part on the limitation on the amount of credits granted in FY 2016 and 2017.

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

Proposed law changes the sunset date of the credit for purchased systems from Dec. 31, 2017 to June 30, 2017.

### **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 for a system installed after Jan. 1, 2014, is equal to 38% of the first \$20,000 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 per watt or less.

Present law establishes annual caps, beginning with FY 2016, 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.

Proposed law retains present law as it relates to the annual caps for leased systems.

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

Proposed law changes the sunset date of the credit for leased systems from Dec. 31, 2017 to June 30, 2017.

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

(Amends R.S. 47:6030(B)(1)(b)(intro. para.), (c), and (d), and (2)(intro. para.), (a)(i) and (ii)(cc), and (c))