

2016 Second Extraordinary Session

HOUSE BILL NO. 46

BY REPRESENTATIVE FOIL

TAX CREDITS: Provides with respect to the tax credit for solar energy systems (Item #36)

1 AN ACT

2 To amend and reenact R.S. 47:6030(B)(1)(c)(i) and (2)(b)(ii)(introductory paragraph) and  
3 (aa), and to repeal R.S. 47:6030(B)(2)(b)(ii)(bb) and (cc), relative to the solar energy  
4 system tax credit; to provide with respect to limits on the total value of credits which  
5 may be paid for purchased and leased systems; to provide for effectiveness; and to  
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6030(B)(1)(c)(i) and (2)(b)(ii)(introductory paragraph) and (aa)  
9 are hereby amended and reenacted to read as follows:

10 §6030. Solar energy systems tax credit

11 \* \* \*

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

16 \* \* \*

17 (c) Beginning in Fiscal Year 2015-2016, the maximum amount of tax credits  
18 for purchased systems which may be granted by the department on any return,  
19 regardless of tax year, shall be as follows:

1 (i) For tax credits claimed on returns filed on or after July 1, 2015, and  
2 before July 1, 2016, no more than ~~ten~~ thirty million dollars of tax credits shall be  
3 granted.

4 \* \* \*

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

9 \* \* \*

10 (b)

11 \* \* \*

12 (ii) Beginning in Fiscal Year 2015-2016 the maximum amount of tax credits  
13 for leased systems which may be granted by the department on any return, regardless  
14 of tax year, ~~shall be as follows:~~

15 ~~(aa) For~~ for tax credits claimed on returns filed on or after July 1, 2015, ~~and~~  
16 ~~before July 1, 2016, shall be no more than ten~~ five million dollars ~~of tax credits shall~~  
17 ~~be granted.~~

18 \* \* \*

19 Section 2. R.S. 47:6030(B)(2)(b)(ii)(bb) and (cc) are hereby repealed in their  
20 entirety.

21 Section 3. This Act shall become effective on July 1, 2016; if vetoed by the governor  
22 and subsequently approved by the legislature, this Act shall become effective on July 1,  
23 2016, or on the day following such approval by the legislature, whichever is later.

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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)]

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HB 46 Original                      2016 Second Extraordinary Session                      Foil

**Abstract:** Regarding the solar energy system tax credit, transfers future credit cap allowances from the leased system program to the purchased system program.

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 their residence, or if it is purchased by a third party for installation at another person's residence, typically through a lease agreement. The tax credit program sunsets Jan. 1, 2018.

#### **Purchased system**

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

Present law allows a credit for a system purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, equal 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.

Present law beginning with Fiscal Year 2015-2016, establishes annual caps on the total amount of tax credits allowed on any tax 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.

Proposed law increases the annual cap for returns filed on or after July 1, 2015, and before July 1, 2016, from \$10 to \$30 million, thus increasing the total allowable credits for purchased systems through the end of the program (Dec. 31, 2018) from \$25 million to \$45 million.

#### **Leased system**

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

Present law allows a credit for a system purchased and installed by a third party through a lease with the owner of the residence if the system was purchased and installed on or after July 1, 2015, and before Jan. 1, 2018, equal to 38% of the first \$20,000 of the cost of purchase and installation.

Present 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.

Proposed law changes present law by providing that the total of all tax credit claims for leased systems on returns filed on or after July 1, 2015 shall be limited to \$5 million, thus reducing the total allowable credits for leased systems through the end of the program (Dec. 31, 2018) from \$25 million to \$5 million.

(Amends R.S. 47:6030(B)(1)(c)(i) and (2)(b)(ii)(intro. para.) and (aa): Repeals R.S. 47:6030(B)(2)(b)(ii)(bb) and (cc))