
DIGEST

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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))