LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office
Fiscal Notes

Fiscal Note On: **HB 54** HLS 162ES 82
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 7, 2016 8:18 AM
Author: THIBAUT
Dept./Agy.: Revenue
Subject: Shifts solar credit caps among remaining fiscal years
Analyst: Deborah Vivien

TAX CREDITS OR -$15,000,000 GF RV See Note
Provides with respect to the tax credit for solar energy systems

Current law imposes an annual cap on solar credits in the amounts of $20M in FY 16, $20M in FY 17 and $10M in FY 18, with half for leased systems and half for purchased systems. The program ends in January 1, 2018.

Proposed law shifts the credit caps by effectively increasing the purchased system cap in FY 16 to $35M, and lowering FY 17 to $10M and FY 18 to $5M. Of the total, leased systems are provided $5M for the remainder of the program. While the total cost of the program does not change (assuming the caps are met), the distribution of the caps is shifted toward an earlier payout of credits than under current law.

EXPENDITURES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**5 -YEAR TOTAL**
State Gen. Fd.	$10,000,000	$5,000,000	$0	$0	$0	**$15,000,000**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$10,000,000**	**$5,000,000**	**$0**	**$0**	**$0**	**$15,000,000**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department already has a system in place to accommodate the program. Adjusting the program caps should not create a significant expense.

REVENUE EXPLANATION

The bill seeks to change the cap structure without adding to the total cost of the program through FY 18 by shifting the cap toward purchased systems and reducing the cap for leased systems to accommodate all existing claims to date. However, even though the total program cost through FY 18 is unchanged, **this bill will reduce state general fund by $15M in FY 16** by adjusting the purchased system cap to allow pending claims to be paid immediately, which will be reflected as a decline in the FY 16 official revenue forecast upon recognition of session action. Since the leased system cap of $10M is repealed in FY 17, general fund will increase by $10M but only because more claims were paid in FY 16, not because the program is less costly. The same impact will occur in FY 18 as general fund increases by $5M with the removal of the leased system cap but only because the funds were expended in FY 16 instead. This fiscal note assumes that all caps are reached, which is reasonable given that pending claims for purchased systems already exceed existing caps for the remainder of the program.

The solar program currently has $36.9M in claims for solar credits for purchased systems. Under current law, $10M of those claims will be paid in FY 16, $10M in FY 17 and $5M in FY 18, with $1.9M over the cap. Leased systems has $3.9M in claims in FY 16 with about $6M in capacity in FY 16. Leased system caps in FY 17 and FY 18 have no current claims against them.

Senate Dual Referral Rules House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}

☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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