

2019 Regular Session

SENATE BILL NO. 228

BY SENATOR CLAITOR

TAX/TAXATION. Provides individual income tax credits for the purchase and installation of residential water saving equipment. (gov sig)

1 AN ACT

2 To enact R.S. 47:297.14, relative to individual income tax credits; to provide individual
3 income tax credits for purchases of water saving residential equipment; to provide
4 for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:297.14 is hereby enacted to read as follows:

7 **§297.14. Reduction to tax due; water saving equipment**

8 **A. There shall be a credit against the tax imposed by this Part for the**
9 **purchase by an individual of certain new water saving equipment that is**
10 **installed at the individual's residence located in this state.**

11 **B. The amount of the credit for new water saving equipment that is**
12 **purchased and installed on or after January 1, 2020, shall be as follows:**

13 **(1) High efficiency toilet. The credit for the purchase of a high efficiency**
14 **toilet shall be the lesser of the purchase price or fifty dollars per toilet and is**
15 **limited to three per taxpayer.**

16 **(2) High efficiency washing machine. The credit for the purchase of a**
17 **high efficiency washing machine shall be the lesser of the purchase price or one**

1 hundred dollars and is limited to one per taxpayer.

2 (3) Weather based irrigation controller. The credit for the purchase of
3 a weather based irrigation controller shall be the lesser of the purchase price or
4 one hundred dollars and is limited to one per taxpayer.

5 (4) Storm water runoff collection system. The credit for the purchase of
6 a storm water runoff system shall be the lesser of the purchase price or twenty-
7 five dollars for a system with a capacity of less than two hundred gallons, the
8 lesser of the purchase price or one hundred dollars for a system with a capacity
9 between two hundred gallons and one thousand gallons, or the lesser of the
10 purchase price or two hundred dollars for a system with a capacity of more
11 than one thousand gallons and is limited to one system per taxpayer.

12 (5) The credit amounts in this Subsection shall be doubled if the water
13 saving equipment is installed at a residence that is in an "area of groundwater
14 concern" as determined pursuant to R.S. 38:3097.6; however, the credit for an
15 item of water saving equipment shall not exceed its purchase price.

16 C. As used in this Section:

17 (1) "High efficiency toilet" means a new toilet that is included on the
18 United States Environmental Protection Agency's WaterSense products list on
19 the date of purchase.

20 (2) "High efficiency washing machine" means a new high efficiency
21 washing machine listed on the United States Environmental Protection Agency's
22 Energy Star qualified high efficiency washing machines product list on the date
23 of purchase.

24 (3) "Storm water runoff collection system" means a new rain barrel or
25 cistern used to collect, store, and reuse rainwater for landscaping and other
26 residential water purposes.

27 (4) "Water saving equipment" means high efficiency toilets, high
28 efficiency washing machines, weather based irrigation controllers, and storm
29 water runoff collection systems.

1 **(5) "Weather based irrigation controller" means a new signal based or**
2 **sensor based smart irrigation controller listed on the United States**
3 **Environmental Protection Agency's approved WaterSense controller list.**

4 **D.(1) The tax credit shall be claimed against Louisiana individual income**
5 **tax on the return for the taxable year in which the water saving equipment is**
6 **purchased and installed. If the water saving equipment is installed in a year**
7 **after the year of purchase, the credit shall be claimed in the year the equipment**
8 **is installed.**

9 **(2) If the credit against Louisiana income tax exceeds the amount of the**
10 **individual's tax liability for the taxable period, then the excess tax credit may**
11 **be carried forward as a credit against the subsequent individual income tax**
12 **liability of the individual for the subsequent tax year.**

13 **(3) The credit may be used in addition to any other tax credit, deduction,**
14 **rebate, or incentive earned for the same item.**

15 **(4) In order to qualify for the credit, a taxpayer shall apply to the**
16 **Department of Revenue. The application shall include documentation**
17 **evidencing the purchase, installation, and qualification of the water saving**
18 **equipment for all equipment for which the credit is applied. If a double credit**
19 **is applied for in connection with the installation of water saving equipment at**
20 **a residence that is in an "area of groundwater concern", the application shall**
21 **include a copy of the written determination issued by the commissioner of**
22 **conservation pursuant to R.S. 38:3097.6. Upon approval of the application, the**
23 **Department shall issue a tax credit certification letter to the taxpayer that will**
24 **allow the taxpayer to claim the tax credit on the taxpayer's individual income**
25 **tax return.**

26 **E. The maximum amount of all tax credits certified pursuant to this**
27 **Section for any tax year shall not exceed two million dollars. The certification**
28 **of credits pursuant to this Section shall be based on the date of application. If**
29 **the total amount of credits applied for in any year exceeds the aggregate amount**

1 of tax credits allowed for that year, the excess will be treated as having been
 2 applied for on the first day of the subsequent year.

3 F. The secretary of the Department of Revenue may promulgate rules
 4 and regulations in accordance with the Administrative Procedure Act to
 5 administer the provisions of this Section.

6 G. No credits shall be certified pursuant to this Section for water saving
 7 equipment purchased after December 31, 2025.

8 Section 2. This Act shall become effective upon signature by the governor or, if not
 9 signed by the governor, upon expiration of the time for bills to become law without signature
 10 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 11 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 12 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 228 Engrossed

2019 Regular Session

Claitor

Proposed law authorizes individual income tax credits for purchases of certain water saving equipment installed at the individual's residence located in this state beginning January 1, 2020:

- (1) High efficiency toilet – up to \$50 per toilet up to three per taxpayer.
- (2) High efficiency washing machine – up to \$100 per washing machine limited to one per taxpayer.
- (3) Weather based irrigation controller – up to \$100 per controller limited to one per taxpayer.
- (4) Storm water runoff collection systems – up to \$25 for rain barrels or cisterns less than 200 gallons, up to \$100 for systems with capacities between 200 and 1,000 gallons, and up to \$200 for capacities over 1,000 gallons limited to one per taxpayer.

Proposed law provides that the credit amounts for the purchase of water saving equipment will be doubled if the individual resides in an area of groundwater concern.

Proposed law limits all tax credits to no more than the purchase price of the water saving equipment.

Proposed law provides definitions for the water saving equipment eligible for the credit:

- (1) "High efficiency toilet" means a new toilet that is included on the EPA's WaterSense products list on the date the toilet is purchased.

- (2) "High efficiency washing machine" means a new high efficiency washing machine listed on the EPA's Energy Star qualified high efficiency washing machines product list on the date the washing machine is purchased.
- (3) "Storm water runoff collection system" means a new rain barrel or cistern used to collect, store, and reuse rainwater for landscaping and other residential water purposes.
- (4) "Weather based irrigation controller" means new signal based or sensor based smart irrigation controller listed on the EPA's approved WaterSense controller list.

Proposed law authorizes the credit to be used against individual income tax in the tax year in which the equipment is purchased and installed.

Proposed law authorizes a one-year carryover of the credit if the credit exceeds the taxpayer's tax liability in the year earned.

Proposed law requires taxpayers to apply to the Department of Revenue to receive a credit for the purchase of water saving equipment and provides that the department will issue a certification letter to the taxpayer once all documentation related to the credit has been reviewed and verified.

Proposed law places a \$2 million annual cap on the total credits the Department of Revenue can issue during any year and provides that any credits in excess of the cap shall be treated as applied for on the first day of the following year.

Proposed law provides that no credit shall be allowed for purchases of water saving equipment after Dec. 31, 2025.

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

(Adds R.S. 47:297.14)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changes eligibility for tax credits from a per residence basis to a per taxpayer basis.
2. Limits maximum amount of tax credits for each item to the purchase price of that item.
3. Provides for a certification process for the tax credit.
4. Adds a sunset date.
5. Makes technical corrections.