

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 794** HLS 22RS 1026  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.: **w/ PROP HSE COMM AMD**  
 Sub. Bill For.:

<b>Date:</b> April 26, 2022	8:42 AM	<b>Author:</b> JORDAN
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> 100% rebate for all solar system purchases and installation		

TAX/TAX REBATES OR -\$5,000,000 GF RV See Note Page 1 of 1  
 Authorizes a rebate for certain costs associated with the purchase and installation of solar electric systems

Proposed law provides a rebate of 50% of the purchase and installation of a qualified solar electric system up to \$25,000 located in Louisiana on residential or commercial property. Each property would be eligible for one rebate without duplication of any other state incentive or rebate. The amount of rebates is capped at a total of \$5 M total between FY 23 through FY 25 with any unfunded applications rolling into the subsequent year, if necessary. Rebates will be issued first come-first served, with all applications received on the final day of available funding treated on a pro rata basis. The rebate will only be granted in the tax year in which the system is put into operation. If "new" construction is purchased with a system already installed, the rebate will be issued in the tax year of the act of sale. Louisiana residents will apply for the rebate with the Department of Revenue, which may promulgate rules. The Department will also be responsible for recapture if an applicant is subsequently deemed ineligible. No rebate shall be authorized for systems purchased or installed after June 30, 2025.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	\$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
<b>Annual Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	(\$5,000,000)	\$0	\$0	\$0	\$0	(\$5,000,000)
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
<b>Annual Total</b>	<b>(\$5,000,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,000,000)</b>

**EXPENDITURE EXPLANATION**

The bill mandates a significant new program to be implemented by the Department of Revenue, with detailed eligibility requirements and the potential for at least 416 applicants and high degree of review. It is likely the Department will require significant resources, but these proposed amendments were submitted with insufficient time for detailed cost evaluations by the department. Costs are expected to exceed \$100,000 and, without a specified source are assumed to be paid with state general fund.

**REVENUE EXPLANATION**

The bill is limited to a \$5 M total state general fund cost, which is expected to all occur in FY23, the first year of rebate eligibility, based on robust participation in past solar credit incentives. However, the proposed amendments were submitted with insufficient time for detailed evaluations and analysis by the department or LFO so may require further review beyond the timeframe allowed for this fiscal note.

The amendments appear to limit the rebate to \$12,500 (50% of a purchase and installation price of \$25,000) with 1 rebate per property, whether residential or commercial. The cost of purchase will not include any inducements such as rebates, or other things of value given by a seller, but it does not seem to preclude the applicant from receiving federal tax credits. Other structures, presumably such as pools, are excluded. The rebate may only be claimed in the tax year in which the system is put into operation which should eliminate retroactivity. For new construction with a system already installed, the rebate may be claimed in the tax year of the act of sale.

Like all rebates, this rebate will be paid without an appropriation and will presumably be paid from state tax revenue beginning in FY 23.

It is notable that a state tax credit was in place from 2008 to 2015 offering a refundable income tax credit for up to \$12,500 for the purchase and installation price of one residential solar system per household as defined in statute. With no state cost constraints, the program quickly became prohibitively expensive for the state (\$261 M) and, even though it was scaled back in 2015, subsequent litigation required the state to pay out additional credits to all applicants. The rebate program in this bill is similar in structure to the prior solar tax credit program, but the bill includes a \$5 M cost cap to the state that, if appropriately specified, appears to be intended to limit the exposure to the state fisc. Further evaluation of the proposed amendments is required to ensure that protection.

Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 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}

*Alan M. Boxberger*  
**Alan M. Boxberger**  
**Interim Legislative Fiscal Officer**