

Regular Session, 2013

HOUSE BILL NO. 705

BY REPRESENTATIVE PONTI

TAX CREDITS: Provides relative to solar energy systems tax credit and removes wind energy systems tax credit

1 AN ACT

2 To amend and reenact R.S. 47:6030, relative to tax credits; to repeal the tax credit for wind
3 energy systems; to establish a tax credit for certain solar energy systems; to provide
4 authorization for a credit against taxes in which the credit can be claimed; to provide
5 the manner in which the credit may be claimed; to provide for a refund of any credit
6 in excess of the tax liability; to provide for the promulgation of rules and regulations;
7 to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6030 is hereby amended and reenacted to read as follows:

10 §6030. ~~Wind or solar~~ Solar energy systems tax credit

11 A. There shall be a credit against the income tax for the cost of purchase and
12 installation of a ~~wind energy~~ solar electric system or solar ~~energy~~ thermal system,
13 or both, by a taxpayer at his residence located in this state, ~~by the owner of a~~
14 ~~residential rental apartment project~~, or by a taxpayer who purchases and installs such
15 a system in a residence ~~or a residential rental apartment project~~ which is located in
16 Louisiana. The credit may be claimed in cases where the resident individual
17 purchases a newly constructed home with such a system already installed or where
18 such a system is purchased and installed at an existing home, ~~or where such systems~~
19 ~~are installed in new or existing apartment projects. Only one such tax credit shall be~~

1 ~~available for any eligible system.~~ Each eligible system shall be installed on the
2 property of the residence to which the electrical, mechanical, or thermal energy is
3 delivered. With respect to each residence, only one credit for a solar electric system
4 or one credit for a solar thermal system shall be authorized. Once a tax credit
5 authorized pursuant to this Section is claimed by a taxpayer for a particular system,
6 that same system shall not be eligible for any other tax credit pursuant to this
7 Section. If the residential property or system is sold, the taxpayer who claimed the
8 tax credit shall disclose his use of the tax credit to the purchaser.

9 B.(1)(a) The credit for each solar electric system shall be equal to fifty
10 percent of the first twenty-five thousand dollars of the cost of purchase for each ~~wind~~
11 ~~energy system~~ or solar energy electric system, including installation costs, that is
12 purchased and installed by a taxpayer at his residence or by a third-party taxpayer at
13 a residence in this state through a lease with the owner of the residence on or after
14 January 1, 2008, and before December 31, 2016.

15 (b) The credit for each solar electric system shall be equal to thirty-five
16 percent of the first twenty-five thousand dollars of the cost of purchase for each solar
17 electric system, including installation costs, that is purchased and installed by a
18 taxpayer at his residence or by a third-party taxpayer at a residence in this state
19 through a lease with the owner of the residence on or after January 1, 2017, and
20 before December 31, 2020.

21 (2)(a) The credit for each solar thermal system shall be equal to fifty percent
22 of the first ten thousand dollars of the cost of purchase for each solar thermal system,
23 including installation costs, that is purchased and installed by a taxpayer at his
24 residence or by a third-party taxpayer at a residence in this state through a lease with
25 the owner of the residence on or after January 1, 2013, and before December 31,
26 2016.

27 (b) The credit for each solar thermal system shall be equal to thirty-five
28 percent of the first ten thousand dollars of the cost of purchase for each solar thermal
29 system, including installation costs, that is purchased and installed by a taxpayer at

1 his residence or by a third-party taxpayer at a residence in this state through a lease
2 with the owner of the residence on or after January 1, 2017, and before December
3 31, 2020.

4 (3) Whenever, in return for the purchase price or as an inducement to make
5 a purchase, marketing rebates or incentives are offered, the cost of purchase shall be
6 reduced by the fair market value of the marketing rebate or incentive received.
7 Marketing rebates or incentives include but are not limited to cash rebates, prizes,
8 gift certificates, trips, additional energy efficiency items or services except energy
9 audits offered at no charge to the consumer, or any other thing of value given by the
10 seller, installer, or equipment manufacturer to the taxpayer as an inducement to
11 purchase a solar electric or solar thermal system.

12 (4) The credit may be used in addition to any federal tax credits earned for
13 the same system. A taxpayer shall not receive any other state tax credit, exemption,
14 exclusion, deduction, or any other tax benefit for property for which the taxpayer has
15 received a tax credit under this Section.

16 ~~(2)~~ (5) In the case of a taxpayer who purchases and installs such a system in
17 a residence or a residential rental apartment project which is located in Louisiana,
18 the tax credit shall be claimed on the return for the taxable year in which such system
19 is completed and placed in service. In the case of a taxpayer who purchases a newly
20 constructed home or newly constructed residential rental apartment project with such
21 a system, the tax credit shall be claimed on the return for the taxable year in which
22 the act of sale takes place.

23 C. Notwithstanding any other provision of law to the contrary, any excess
24 of allowable credit over the aggregate tax liabilities against which such credit may
25 be applied, as provided in this Section, shall constitute an overpayment, as defined
26 in R.S. 47:1621(A), and the secretary shall make a refund of such overpayment from
27 the current collections of the taxes imposed by Chapter 1, ~~or Chapter 2, Chapter 2-A,~~
28 Chapter 2-B, or Chapter 5 of Subtitle II of this Title, together with interest as
29 provided in R.S. 47:1624. The right to a credit or refund of any such overpayment

1 shall not be subject to the requirements of R.S. 47:1621(B). All credits and refunds,
2 together with interest thereof, must be paid or disallowed within one year of receipt
3 by the secretary of any such claim for refund or credit. Failure of the secretary to
4 pay or disallow, in whole or in part, any claim for a credit or a refund shall entitle the
5 aggrieved taxpayer to proceed with the remedies provided in R.S. 47:1625.

6 D. As used in this Section:

7 (1) ~~"Wind energy system" means a system of apparatus and equipment with~~
8 ~~the primary purpose of intercepting and converting wind energy into mechanical or~~
9 ~~electrical energy and transferring this form of energy by a separate apparatus to the~~
10 ~~point of use or storage.~~ "Cost of purchase" means the reasonable and prudent costs
11 for the equipment and installation of the solar electric or solar thermal systems.

12 (2) ~~"Solar energy system" means an energy system with the primary purpose~~
13 ~~of collecting or absorbing sunlight for conversion into electricity or an energy system~~
14 ~~with the primary purpose of collecting or absorbing solar energy for conversion into~~
15 ~~heat for the purposes of space heating, space cooling, or water heating.~~

16 "Solar electric system" means a system consisting of photovoltaic panels with
17 the primary purpose of converting sunlight to electrical energy and all equipment and
18 apparatus necessary to connect, store, and process the electrical energy for
19 connection to and use by an electrical load. "Solar electric system" shall include
20 grid-connected net metering systems, grid-connected net metering systems with
21 battery backup, stand-alone alternating current (AC) systems, and stand-alone direct
22 current (DC) systems. The eligible system components for a solar electric system
23 include the following:

24 (a) For grid-connected, net metering solar electric systems, the components
25 include photovoltaic panels, mounting systems, inverters, charge controllers,
26 batteries, battery cases, alternating current (AC) and direct current (DC) disconnects,
27 lightning and ground fault protection, junction boxes, remote metering display
28 devices, and related electrical wiring materials from the photovoltaic panels to point
29 of interconnection with the residence or electrical load.

1 (b) For stand-alone solar electric AC systems, the components include
2 photovoltaic panels, mounting systems, inverters, charge controllers, batteries,
3 battery cases, AC and DC disconnects, lightning and ground fault protection,
4 junction boxes, remote metering display devices, and related electrical wiring
5 materials from the photovoltaic panels to point of interconnection with the residence
6 or electrical load.

7 (c) For stand-alone solar electric DC systems, the components include
8 photovoltaic panels, mounting systems, charge controllers, batteries, battery cases,
9 DC disconnects, lightning and ground fault protection, junction boxes, remote
10 metering display devices, and related electrical wiring materials from the
11 photovoltaic panels to point of interconnection with the residence or electrical load.

12 (3) "Solar thermal system" means a system consisting of a solar energy
13 collector with the primary purpose of converting sunlight to thermal energy and all
14 devices and apparatus necessary to transfer and store the collected thermal energy
15 for the purposes of heating water, space heating, or space cooling. The eligible
16 system components for a solar thermal system include solar thermal collectors,
17 mounting systems, solar hot water storage tanks, timers, pumps, heat exchangers,
18 drain back tanks, expansion tanks, controllers, sensors, valves, freeze protection
19 devices, air elimination devices, photovoltaic panels for PV systems, piping,
20 insulation, and other related materials from the solar thermal collectors to the solar
21 hot water storage tanks.

22 E. Credits may be claimed in accordance with the following:

23 (1) Any entity taxed as a corporation for Louisiana income tax and franchise
24 tax purposes shall claim any credit authorized according to the provisions of this
25 Section on its corporation income and franchise tax return.

26 (2) Any individual, estate, or trust shall claim any credit authorized
27 according to the provisions of this Section on its income tax return.

1 (3) Any entity not taxed as a corporation shall claim any credit authorized
2 according to the provisions of this Section on the returns of the partners or members
3 as follows:

4 (a) Corporate partners or members shall claim their share of the credit on
5 their corporation income tax or franchise tax returns.

6 (b) Individual partners or members shall claim their share of the credit on
7 their individual income tax or franchise tax returns.

8 (c) Partners or members that are estates or trusts shall claim their share of the
9 credit on their fiduciary income tax returns.

10 F. The secretary of the Department of Revenue ~~in consultation with the~~
11 ~~secretary of the Department of Natural Resources~~ shall promulgate such rules and
12 regulations in accordance with the Administrative Procedure Act as may be
13 necessary to carry out the provisions of this Section. The rules and regulations shall
14 be promulgated within ninety days of the effective date of this Section.

15 Section 2. Nothing in this Act shall affect or defeat any claim, assessment, appeal,
16 suit, right, or cause of action for taxes or refunds due or accrued under the income tax laws
17 of this state before the date on which this Act becomes effective, whether such claims,
18 assessments, appeals, suits, or actions have been instituted before the date on which this Act
19 becomes effective or are instituted thereafter if the claim, assessment, appeal, suit, or action
20 relates to a taxable period ending on or before the effective date of this Act.

21 Section 3. This Act shall become effective upon signature by the governor or, if not
22 signed by the governor, upon expiration of the time for bills to become law without signature
23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
24 vetoed by the governor and subsequently approved by the legislature, this Act shall become
25 effective on the day following the approval.

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)]

Ponti

HB No. 705

Abstract: Repeals the tax credit for wind energy systems; phases out tax credit for solar energy systems; and allows same phased out tax credit for solar thermal systems.

Present law provides for a tax credit for the purchase and installation of a wind energy system or solar energy system.

Proposed law repeals the tax credit for wind energy systems and changes the tax credit for solar energy systems to a tax credit for solar electric systems and solar thermal systems.

Present law authorizes the tax credits against the income tax for the cost of purchase and installation of a wind energy system or solar energy system, or both, by a taxpayer at his residence located in this state, by the owner of a residential rental apartment project, or by a taxpayer who purchases and installs such a system in a residence or a residential rental apartment project which is located in Louisiana. Present law further provides that the credit may be claimed in cases where the resident individual purchases a newly constructed home with such a system already installed or where such a system is purchased and installed at an existing home, or where such systems are installed in new or existing apartment projects.

Proposed law removes the tax credit for installations in a residential rental apartment project.

Proposed law requires each eligible system to be installed on the property of the residence to which the electrical, mechanical, or thermal energy is delivered.

Proposed law authorizes, with respect to each residence, only one credit for a solar electric system or one credit for a solar thermal system.

Present law provides that the credit shall be equal to 50% of the first \$25,000 of the cost of each wind energy system or solar energy system, including installation costs, that is purchased and installed on or after Jan. 1, 2008.

Proposed law deletes the present law tax credit for wind energy and provides that the credit for each solar electric system shall be equal to 50% of the first \$25,000 of the cost of purchase for each solar electric system, including installation costs, that is purchased and installed on or after Jan. 1, 2008, and before Dec. 31, 2016, by a taxpayer at his residence and by a third party taxpayer at a residence in this state through a lease with the owner of the residence.

Proposed law provides that the credit for each solar electric system shall be equal to 35% of the first \$25,000 of the cost of purchase for each solar electric system, including installation costs, that is purchased and installed on or after Jan. 1, 2017, and before Dec. 31, 2020, by a taxpayer at his residence and by a third party taxpayer at a residence in this state through a lease with the owner of the residence.

Proposed law provides that the credit for each solar thermal system shall be equal to 50% of the first \$10,000 of the cost of purchase for each solar thermal system, including installation costs, that is purchased and installed on or after Jan. 1, 2013, and before Dec. 31, 2016, by a taxpayer at his residence or by a third party taxpayer at a residence in this state through a lease with the owner of the residence.

Proposed law provides that the credit for each solar thermal system shall be equal to 35% of the first \$10,000 of the cost of purchase for each solar thermal system, including installation costs, that is purchased and installed on or after Jan. 1, 2017, and before Dec. 31, 2020, by a taxpayer at his residence or by a third party taxpayer at a residence in this state through a lease with the owner of the residence.

Proposed law provides that whenever, in return for the purchase price or as an inducement to make a purchase, marketing rebates or incentives are offered, the cost of purchase shall be reduced by the fair market value of the marketing rebate or incentive received. Marketing rebates or incentives include but are not limited to cash rebates, prizes, gift certificates, trips, additional energy efficiency items or services, except free energy audits, or any other thing of value given by the seller, installer, or equipment manufacturer to the taxpayer as an inducement to purchase a solar electric or solar thermal system.

Present law provides that, in the case of a taxpayer who purchases and installs a system in a residence or a residential rental apartment project which is located in Louisiana, the tax credit shall be claimed on the return for the taxable year in which such system is completed and placed in service. In the case of a taxpayer who purchases a newly constructed home or newly constructed residential rental apartment project with such a system, the tax credit shall be claimed on the return for the taxable year in which the act of sale takes place.

Proposed law retains present law but removes the tax credit for installations in a residential rental apartment project.

Present law defines "wind energy system" as a system of apparatus and equipment with the primary purpose of intercepting and converting wind energy into mechanical or electrical energy and transferring this form of energy by a separate apparatus to the point of use or storage.

Proposed law repeals present law.

Proposed law defines "cost of purchase" as the reasonable and prudent costs for the equipment and installation of the solar electric or solar thermal systems.

Present law defines "solar energy system" as an energy system with the primary purpose of collecting or absorbing sunlight for conversion into electricity or an energy system with the primary purpose of collecting or absorbing solar energy for conversion into heat for the purposes of space heating, space cooling, or water heating.

Proposed law repeals present law.

Proposed law defines "solar electric system" as a system consisting of photovoltaic panels with the primary purpose of converting sunlight to electrical energy and all equipment and apparatus necessary to connect, store, and process the electrical energy for connection to and use by an electrical load. "Solar electric system" shall include grid-connected net metering systems, grid-connected net metering systems with battery backup, standalone alternating current (AC) systems, and standalone direct current (DC) systems.

Proposed law further defines the eligible system components for a solar electric system to include the following:

- (1) For grid-connected, net metering solar electric systems, the components include photovoltaic panels, mounting systems, inverters, charge controllers, batteries, battery cases, alternating current (AC) and direct current (DC) disconnects, lightning and ground fault protection, junction boxes, remote metering display devices, and related electrical wiring materials from the photovoltaic panels to point of interconnection with the residence or electrical load.

- (2) For stand-alone solar electric AC systems, the components include photovoltaic panels, mounting systems, inverters, charge controllers, batteries, battery cases, AC and DC disconnects, lightning and ground fault protection, junction boxes, remote metering display devices, and related electrical wiring materials from the photovoltaic panels to point of interconnection with the residence or electrical load.
- (3) For stand-alone solar electric DC systems, the components include photovoltaic panels, mounting systems, charge controllers, batteries, battery cases, DC disconnects, lightning and ground fault protection, junction boxes, remote metering display devices, and related electrical wiring materials from the photovoltaic panels to point of interconnection with the residence or electrical load.

Proposed law defines "solar thermal system" as a system consisting of a solar energy collector with the primary purpose of converting sunlight to thermal energy and all devices and apparatus necessary to transfer and store the collected thermal energy for the purposes of heating water, space heating, or space cooling.

Proposed law further defines the eligible system components for a solar thermal system to include solar thermal collectors, mounting systems, solar hot water storage tanks, timers, pumps, heat exchangers, drain back tanks, expansion tanks, controllers, sensors, valves, freeze protection devices, air elimination devices, photovoltaic panels for PV systems, piping, insulation, and other related materials from the solar thermal collectors to the solar hot water storage tanks.

Present law provides that credits may be claimed in accordance with the following:

- (1) Any entity taxed as a corporation for La. income tax and franchise tax purposes shall claim any authorized credit on its corporation income and franchise tax return.
- (2) Any individual, estate, or trust shall claim any authorized credit on its income tax return.
- (3) Any entity not taxed as a corporation shall claim any authorized credit on the returns of the partners or members as follows:
 - (a) Corporate partners or members shall claim their share of the credit on their corporation income tax or franchise tax returns.
 - (b) Individual partners or members shall claim their share of the credit on their individual income tax or franchise tax returns.
 - (c) Partners or members that are estates or trusts shall claim their share of the credit on their fiduciary income tax returns.

Proposed law retains present law.

Present law requires the secretary of the Dept. of Revenue, in consultation with the secretary of the Dept. of Natural Resources, to promulgate such rules and regulations as may be necessary to carry out the provisions of present law.

Proposed law retains present law but repeals the requirement that the rules be promulgated in consultation with the secretary of the Dept. of Natural Resources.

Nothing in proposed law shall affect or defeat any claim, assessment, appeal, suit, right, or cause of action for taxes or refunds due or accrued under the income tax laws of this state before the date on which proposed law becomes effective, whether such claims, assessments, appeals, suits, or actions have been instituted before the date on which proposed law becomes effective or are instituted thereafter if such claim, assessment, appeal, suit, or action relates to a taxable period ending on or before the effective date of proposed law.

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

(Amends R.S. 47:6030)