

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 705 by Representative Ponti

TAX CREDITS: Provides for the solar energy system tax credit

Synopsis of Senate Amendments

1. Specifies that no tax credits may be authorized after December 31, 2017.
2. Changes the amount of and eligibility requirements for the tax credit for systems which are purchased by a third party and installed in a home through a lease agreement with the homeowner.
3. Adds definitions for "cost", "home", "residence", and "system".
4. Adds eligibility requirements related to system qualification and installation.
5. Changes effective date to July, 1, 2013.
6. Deletes provisions regarding the effect of proposed law on claims, assessments, and other causes of action for taxes or refunds due.
7. Specifies that only one system per residence is eligible for a tax credit.

Digest of Bill as Finally Passed by Senate

Present law authorizes an income tax credit for the purchase and installation of a wind or solar energy system at La. residence or residential apartment project.

Proposed law deletes the tax credit for wind energy systems and deletes applicability for apartment projects.

Proposed law retains the solar energy system tax credit, and expands the credit to include both solar electric and solar thermal systems, or any combination of components thereof (hereinafter "system"). The credit is limited to one per single-family residence. Eligibility also extends to a system that contains components purchased prior to July 1, 2013 and is placed in service prior to Jan. 1, 2014, if the purchaser provides written documentation of the purchase of the system components prior to July 1, 2013.

Proposed law adds a requirement that a system shall be installed on the property of the residence to which the energy is delivered; that it has been sold and installed by a person who is licensed by the Louisiana State Licensing Board for Contractors; and that the system be compliant with the requirements of the federal American Recovery and Reinvestment Act (ARRA), including, but not limited to all major components such as the inverter, racking, and solar modules.

Proposed law provides definitions for "cost of purchase", "home", "residence", "solar electric system", and "solar thermal system".

Present law authorizes a credit equal to 50% of the first \$25,000 of the cost of each solar energy system purchased and installed on or after Jan. 1, 2008.

Proposed law establishes different criteria and tax credit amounts for a system which is purchased and installed in a home versus a system which is purchased by a third party and

installed in a home through a lease agreement with the homeowner.

Proposed law for a purchased system retains present law and adds a sunset provision of December 31, 2017.

Proposed law for a system which is purchased and installed by a third party through a lease with the owner of the residence retains the present law for systems purchased and installed prior to Jan. 1, 2014. Tax credits for systems installed on or after Jan. 1, 2014 and before Jan. 1, 2018 shall be equal to 38% of the first \$25,000 of the cost of purchase and eligibility is further limited as follows:

1. On or after July 1, 2013 and before July 1, 2014, the system shall cost no more than \$4.50 per watt and provide for not more than 6 kilowatts of energy.
2. On or after July 1, 2014 and before July 1, 2015, the system shall cost no more than \$3.50 per watt and provides for not more than 6 kilowatts of energy.
3. On or after July 1, 2015 and before January 1, 2017, the system shall cost no more than \$2.00 per watt and provide for not more than 6 kilowatts of energy.

Present law requires that the tax credits be claimed in the tax year in which the system was placed in service, or in the case of the purchase of a new home, the date of sale.

Proposed law retains present law and requires that proof of installation be provided with a claim for a tax credit.

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 removes the need of DOR to consult with the Dept. of Natural Resources.

Effective July 1, 2013.

(Amends R.S. 47:6030(A) through (D), and (F); adds R.S. 47:6030(B)(3) and (G))