

LOUISIANA

DEPARTMENT *of* REVENUE

Revenue Information Bulletin
No. 14-006
January 10, 2014
Individual Income and Corporation Income Taxes

Solar Powered Air Conditioning or Heating Units

The Solar Energy Systems Tax Credit, provided by La. R.S. 47:6030, allows a tax credit against the income tax for the "...cost of purchase and installation of a solar electric system, a solar thermal system, or a combination of components thereof...at a single-family residence located in Louisiana." Pursuant to La. R.S. 47:6030(C)(4), a "solar electric system" means 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. Similarly, La. R.S. 47:6030(C)(5) defines a "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.

La. R.S. 47:6030(C)(4)(a)-(c) includes a list of all qualifying components for solar electric energy systems. It provides:

- (a) 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, lighting 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.
- (b) For stand-alone solar electric AC systems, the components include photovoltaic panels, mounting systems, inverters, charge controllers, batteries, battery cases, AC and DC disconnects, lighting 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.
- (c) For stand-alone solar electric DC systems, the components include photovoltaic panels, mounting systems, charge controllers, batteries, battery cases, DC disconnects, lighting 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.

Similarly, La. R.S. 47:6030(C)(5) provides a list of all qualifying components for solar thermal energy systems. It provides:

(5)...The eligible system components for a solar thermal system include 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 photovoltaic (PV) systems, piping, insulation, and other related materials from the solar thermal collectors to the solar hot water storage tanks.

With regard to solar powered air conditioning or heating units which are installed as a supplement to a solar electric or solar thermal energy system, LAC 61:I.1907(F)(2) provides that "...Supplemental heating and cooling (HVAC) equipment costs used with solar collectors are not eligible for inclusion under the tax credit." Such supplemental components include the cost of purchase and installation of air conditioning or heating units, duct work, and any and all other components which are not provided for in La. R.S. 47:6030(C)(4)-(5) and which are not necessary components of the solar electrical or solar thermal energy system but serve only the supplemental solar powered air conditioning or heating unit. In such cases, only the costs associated with the purchase and installation of the solar energy components listed in La. R.S. 47:6030(C)(4)-(5) which are directly related to and deemed necessary for the solar electric or solar thermal energy system will be deemed eligible for the tax credit.

Solar electric or solar thermal energy systems which are installed for the sole purpose of powering an air conditioning or heating unit and which do not service additional electrical or thermal energy needs of a residence constitute a stand-alone solar powered air conditioning or heating unit and are ineligible in their entirety. LAC 61:I.1907(F)(2) provides "Other items ineligible for...solar energy systems tax credits include...stand alone...solar powered air conditioning or heating units..." Accordingly, any and all costs associated with stand alone air conditioning or heating units will be deemed ineligible for the solar energy systems tax credit.

For questions concerning this matter, please contact the Policy Services Division at (225) 219-2780. For questions concerning a taxpayer's return, please contact the Office Audit Division at (225) 219-2270.

Tim Barfield
Secretary