

Revenue Information Bulletin No. 23-028
November 14, 2023
Individual Income Tax

Construction Code Voluntary Retrofitting Deduction
Act 262 of the 2023 Regular Session

Act 262 of the 2023 Regular Session of the Louisiana Legislature (“Act 262”) amends and reenacts La. R.S. 47:293(2)(f) to expressly allow taxpayers who claim the Construction Code Voluntary Retrofitting Deduction to participate in the Louisiana Fortify Homes Program. The purpose of this bulletin is to provide additional guidance relative to whether a taxpayer may claim a Construction Code Voluntary Retrofitting Deduction for the same costs covered by the Louisiana Fortify Homes Program Grant.

Effect of Act 262

Louisiana Revised Statute 47:293(2)(f) expressly prohibits taxpayers from receiving “any other state tax credit, exemption, exclusion, deduction, or any other tax benefit for items of tangible personal property for which the taxpayer has received” the Construction Code Voluntary Retrofitting Deduction.¹ Act 262 amended that provision to provide that “a taxpayer may receive a grant pursuant to R.S. 22:1483.1 in addition to the [construction code voluntary retrofitting] deduction.” However, the taxpayer may not claim the deduction for costs paid with funds received through the Louisiana Fortify Homes Program. The deduction may be claimed for other qualified retrofitting costs.

Construction Code Voluntary Retrofitting Deduction²

The Construction Code Voluntary Retrofitting Deduction provides an individual income tax deduction equal to 50% of the cost paid or incurred by a taxpayer who voluntarily retrofits his primary residence to comply with the State Uniform Construction Code. The total amount of the deduction may not exceed \$5,000 per retrofitted residential structure. Improvements that qualify for the retrofitting deduction include any of the following:

1. Roof deck attachment
2. Secondary water barrier
3. Roof covering.
4. Gable ends bracing
5. Roof-to-wall connections
6. Opening protection

¹ For purposes of the Construction Code Voluntary Retrofitting Deduction, tax “credit” has the same meaning as tax “deduction”.

² For more information regarding the Construction Code Voluntary Retrofitting Deduction see [Revenue Information Bulletin No. 09-007](#).

7. Exterior doors including garage doors

Louisiana Fortify Homes Program³

The Louisiana Fortify Homes Program⁴ is a state government program allowing the Department of Insurance to make financial grants to retrofit roofs of insurable property, as defined in R.S. 22:1483(C)(9), with a homestead exemption. The purpose of the Louisiana Fortify Homes Program is to make the roofs of residential homes better situated to resist loss due to certain natural disasters. Such roofs must meet or exceed the fortified roof standard of the Insurance Institute for Business and Home Safety. The amount of a grant awarded under the Louisiana Fortify Homes Program equals the actual cost of upgrading a roof to the Insurance Institute for Business and Home Safety fortified roof standard or \$10,000, whichever is less.⁵

Instruction for Taxpayers

Construction Code Voluntary Retrofitting Deduction

Taxpayers seeking to claim the Construction Code Voluntary Retrofitting Deduction must do so on the individual income tax return (Schedule E, Code 16E on Form IT-540, *Louisiana Resident Income Tax Return*, or Nonresident and Part-Year Resident (NPR) Worksheet, Code 16E on Form IT-540B, *Louisiana Nonresident and Part-Year Resident Income Tax Return*). Taxpayers seeking to claim the deduction must do so for the taxable year in which the retrofitting was completed. When claiming the deduction, the taxpayer must retain documentation that the retrofitting complies with the State Uniform Construction Code, receipts that verify the retrofitting project cost, and confirmation that the project was voluntary.

Louisiana Fortify Homes Program

A state grant is income subject to Louisiana income tax unless state law specifically provides otherwise.⁶ Louisiana law does not provide any exception, exemption, or exclusion for Louisiana Fortify Home Program grant awards. As a result, any grant awarded to an individual under this program is income allocated to that individual for state income tax purposes. Furthermore, a grant awarded to fortify an individual's roof is income of that individual regardless of whether the Louisiana Fortify Homes Program administrator distributes grant funds directly to the taxpayer or the approved contractor.

³ Rules and regulations regarding the Louisiana Fortify Homes Program are set forth by the Commissioner of the Department of Insurance under LAC 37:XVIII.18201, et seq.

⁴ La. R.S. 22:1483.1

⁵ The Commissioner of the Department of Insurance may periodically update the amount of the grant award. LAC 37:XVIII.18205.

⁶ Generally, unless otherwise excluded, Louisiana Fortify Homes Program grants constitute income, which is included in federal gross income under Internal Revenue Code Section 61.

Example 1

A taxpayer receives the maximum grant award of \$10,000 under the Louisiana Fortify Roof Program. In the same tax year, the taxpayer voluntarily completes work to retrofit areas of their primary residence not related to fortifying the roof. The taxpayer may be eligible to claim the Construction Code Voluntary Retrofitting Deduction for any qualified retrofitting expenses not associated with fortifying their roof. Additionally, the taxpayer must report the grant award as income on his individual income tax return.

Example 2

A taxpayer receives the maximum grant award of \$10,000 under the Louisiana Fortify Roof Program and subsequently fortifies his roof according to the fortified roof standards of the Insurance Institute for Business and Home Safety. For Louisiana income tax purposes, the grant award is Louisiana income subject to taxation. The taxpayer wishes to deduct a portion of this income by claiming the Construction Code Voluntary Retrofitting Deduction for costs associated with improving their roof decking attachments, roof covering, and wall-to-roof connections. Because the taxpayer has received a Louisiana grant to apply towards the same roofing improvements, the taxpayer may not claim the Construction Code Voluntary Retrofitting Deduction for those same costs.

Questions concerning this publication may be submitted by email to Policy.Publications@LA.gov.

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