

NOTICE OF INTENT

Department of Revenue Policy Services Division

Income Tax Credits for Wind or Solar Energy Systems (LAC 61:I.1907)

Under the authority of R.S. 47:287.785, R.S. 47:295, R.S. 47:1511, and R.S. 47:6030, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to amend LAC 61:I.1907 relative to income tax credits for wind or solar energy systems.

Act 371 of the 2007 Regular Session of the Louisiana Legislature authorized a credit against income tax for the cost of purchase and installation of a wind energy system or solar energy system, or both. Under the current version of the wind and solar energy system credit regulation, in order to be eligible for the credit all electrical components must be "UL" listed. This amendment to the Rule updates the "UL" listed requirement and makes eligible for the wind and solar energy tax credit systems that use electrical components tested by all OSHA Nationally Recognized Testing Laboratories.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered

By the Secretary of Revenue

Chapter 19. Miscellaneous Tax Exemptions, Credits and Deductions

§1907. Income Tax Credits for Wind or Solar Energy Systems

A. - D.3....

E. Wind and Solar Energy Systems Eligible for the Tax Credit

1. - 5. ...

6. All photovoltaic panels, wind turbines, inverters and other electrical apparatus claiming the tax credit must be tested and certified by a federal Occupational Safety and Health Administration (OSHA) nationally recognized testing laboratory and must be installed in compliance with manufacturer specifications and all applicable building and electrical codes.

E.7. - G.2. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6030 and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 38:

Family Impact Statement

The proposed amendment of LAC 61:I.1907, regarding income tax credits for wind or solar energy systems, should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of this proposed rule will have no known or foreseeable effect on:

1. the stability of the family;
2. the authority and rights of parents regarding the education and supervision of their children;
3. the functioning of the family;
4. family earnings and family budget;
5. the behavior and personal responsibility of children;
6. the ability of the family or a local government to perform this function.

Public Comments

Any interested person may submit written data, views, arguments or comments regarding this proposed Rule to Elroy A. James, Attorney, Policy Services Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be received no later than 5 p.m., Tuesday, November 23, 2011.

Public Hearing

A public hearing will be held on Tuesday, November 29, 2011, at 10:30 a.m. in the River Room, on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, Louisiana.

Cynthia Bridges
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: Income Tax Credits for Wind or Solar Energy Systems

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed amendment to this rule changes the certification requirements for equipment qualifying for the wind or solar energy systems income tax credits. The adoption of this amendment should not result in any implementation costs or savings to state or local governmental units.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Taxpayers claimed approximately \$13 million on 1,100 returns for fiscal year 2010-2011, and approximately \$8 million on 730 returns in the prior year for the wind or solar energy systems state income tax credit. This proposed amendment expands the criteria for equipment qualifying for the wind or solar energy systems income tax credit from being tested and certified by Underwriters Laboratory (UL) to being tested and certified by any federal Occupational Safety and Health Association (OSHA) recognized laboratory. This change mainly addresses a backlog in the UL approval process and allows vendors to offer the most updated equipment as tax credit eligible. UL certification will also continue to meet the criteria. The new criteria may reduce state revenue collections to the extent that additional credits are claimed due to product purchases now becoming eligible for the credit that were not eligible previously because they were not specifically UL approved. This will increase the total number of units eligible for the credit. However, any changes in revenue from this proposed amendment will be impacted by consumers shifting from UL listed equipment to equipment certified by other OSHA Nationally Recognized Testing Laboratories. The total number of units sold and claiming the credit is not expected to materially change from historical expectations. However, should units be purchased and receive credits that otherwise would not have been issued due to lack of other certification, state general fund revenue will decline. Since this rule is concerned with a state income tax credit, the amendment should have no impact on the revenue collections of local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Photovoltaic panels, wind turbines, inverters and other electrical apparatus for wind or solar energy systems which are tested and certified by a federal OSHA Nationally Recognized Testing Laboratory other than Underwriters Laboratories could experience an increase in sales. Similarly, UL approved units could experience a decrease in sales, but overall sales figures are not expected to materially change due to this proposed rule.

The anticipated amount of the offsetting sales cannot be determined without empirical evidence.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT
(Summary)

The proposed amendment will expand the criteria for equipment qualifying for the wind or solar energy systems income tax credit and make eligibility equal across similar product lines. The resulting increase in equipment eligible for the credit should increase competition among manufacturers and retailers of solar energy systems and offer more options for consumers.

Cynthia Bridges
Secretary
1110#068

Greg Albrecht
Chief Economist
Legislative Fiscal Office