



JOULE

CPA Packet - Residential

3/19/10



Louisiana

Incentives/Policies for Renewables & Efficiency

Tax Credit for Solar and Wind Energy Systems on Residential Property (Personal)

Last DSIRE Review: 07/22/2009

Program Overview:

State:	Louisiana
Incentive Type:	Personal Tax Credit
Eligible Renewable/Other Technologies:	Solar Water Heat, Solar Space Heat, Photovoltaics, Wind, Solar Pool Heating
Applicable Sectors:	Residential, Multi-Family Residential
Amount:	50% of the first \$25,000 of the cost of each system
Maximum Incentive:	\$12,500 per installed system
Carryover Provisions:	Excess credit is refundable
Authority 1:	La. R.S. 47:6030
Date Enacted:	7/10/2007
Date Effective:	1/1/2008
Authority 2:	LAC 61:I.1907
Date Effective:	1/1/2008

Summary:

Louisiana provides a tax credit for the purchase and installation of solar and wind energy systems purchased and installed on or after January 1, 2008. The credit may be applied to personal, corporate or franchise taxes, depending on the entity which purchases and installs the system, but the system must be installed at either a residence or a residential rental apartment complex to be eligible. HB 858, enacted in July 2009, extended the tax credit to taxpayers that purchase and install systems rather than only the owners of the residential property. This legislation also clarifies that only one credit can be taken per system, so if the property is sold, the taxpayer who originally claimed the credit must disclose this, as the new owner will not be eligible for another tax credit on the same system.

The tax credit may be applied both to solar-electric systems (photovoltaic systems) and solar-thermal systems, when the energy is used for space heating, space cooling or water heating. The amount of the credit is equal to 50% of the first \$25,000 of the cost of each system, including installation costs (unless the taxpayer is installing the system). The credit must be fully claimed in the taxable year in which the system is installed and placed in service. Any excess credit which exceeds the taxpayer's liabilities for that year shall be treated as an overpayment, and the Louisiana Department of Revenue will issue a refund for the remaining amount within one year of receiving the claim.

For photovoltaic (PV) systems, the tax credit applies to AC or DC generation systems which are grid-connected, net-metered systems (with or without battery backup) or stand-alone systems. Eligible wind energy systems include AC or DC electric generation and mechanical wind systems. Solar thermal systems must be used for the primary purpose of heating water (including pool heating), space heating or space cooling.

Electrical equipment must be UL-listed and installed in compliance with all applicable building and electrical codes. Solar thermal equipment must be SRCC-certified and installed in compliance with all applicable building and plumbing codes. Installations must be performed by a licensed contractor, the owner of the residence, or by a person who has received certification by a technical college in the installation of such systems. In order to claim a tax credit for a wind or solar energy system all components must be installed at the same time as the system.

This tax credit may be combined with any federal tax incentive, but it may not be combined with any other state tax incentive. Whenever additional incentives such as cash rebates, prizes or gift certificates are offered in addition to the tax credit, the eligible cost must be reduced by the value of the incentive received.

Contact:

Public Information - LA DOR
LA Department of Revenue
PO Box 201
Baton Rouge, LA 70821-0201
Phone: (225) 219-0067 Ext.4
Web Site: <http://www.revenue.louisiana.gov>

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 adopt 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* enacted R.S. 47:6026 to allow an income tax credit for the purchase and installation of a wind or solar energy system by a Louisiana homeowner or the owner of a residential rental apartment project located in the state. The section was redesignated as R.S. 47:6030 pursuant to the statutory revision authority of the Louisiana State Law Institute. This proposed Rule will clarify the application of the credits for those taxpayers who purchase and install wind or solar energy systems.

This Notice of Intent was originally published in the December 2007 and March 2008 editions of the Louisiana Register. Based upon comments received at an April 2008 Public Hearing, changes were made giving rise to this revised Notice of Intent. These changes primarily involve an exception to the general rule allowing the credit only for complete systems and can be found at LAC 61:I.1907(D)(1)(a).

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 19. Miscellaneous Tax Exemptions

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

A. Revised Statute 47:6030 provides an income tax credit for the purchase and installation of a wind or solar energy system by a Louisiana homeowner or the owner of a residential rental apartment project located in the state. In order for costs associated with the purchase and installation of a wind or solar energy system to qualify for this credit, the expenditure must be made on or after January 1, 2008. The amount of the credit is equal to 50 percent of the first \$25,000 of the cost of each wind or solar energy system.

B. Definitions

Charge Controller—an apparatus designed to control the state of charge of a bank of batteries.

Grid-Connected, Net Metering System—a wind or solar electric system interconnected with the utility grid in which the customer only pays the utility for the net energy used from the utility minus the energy fed into the grid by the customer. All interconnections must be in accordance with the capacity, safety and performance interconnection standards adopted as part of the Louisiana Public Service Commission's, the New Orleans City Council's, or other Louisiana utility regulatory entities, as appropriate, established Net Metering rules and procedures.

Inverter—an apparatus designed to convert direct current (DC) electrical current to alternating current (AC) electrical energy. Modern inverters also perform a variety of safety and power conditioning functions that allow them to safely interconnect with the electrical grid.

Photovoltaic Panel—a panel consisting of a collection of solar cells capable of producing direct current (DC) electrical energy when exposed to sunlight.

Residence—a single family dwelling, one dwelling unit of a multi-family, owner occupied complex, or one residential dwelling unit of a rental apartment complex. All eligible residences must be located in Louisiana.

Solar Electric System—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 Thermal System—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.

Supplemental Heating Equipment—a device or apparatus installed in a solar thermal system that utilizes energy sources other than wind or sunlight to add heat to the system, with the exception of factory

installed auxiliary heat strips that are an integral component of a specifically engineered solar hot water storage tank.

Wind Energy System—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.

C. Household Eligibility for Wind and/or Solar Energy Systems Tax Credits

1. Each residence or apartment project in the state is eligible for tax credits for the number of separate complete wind, solar electric, and solar thermal energy systems necessary to ensure that the residence or apartment project is supplied with all of its energy needs.

2. The credit for the purchase and installation of a wind energy system or solar energy system by a resident individual at his residence shall be claimed by the resident individual on his Louisiana individual income tax return.

3. The credit for the purchase and installation of a wind energy system or solar energy system by the owner of a residential rental apartment project shall be claimed by the owner on his Louisiana individual, corporate or fiduciary income tax return.

4. All wind or solar energy systems must be installed in the immediate vicinity of the residence or apartment project claiming the credit such that the electrical, mechanical or thermal energy is delivered directly to the residence or apartment project.

5. In order to claim a tax credit(s) for a wind energy system, solar electric energy system, or solar thermal energy system the components for each system must be purchased and installed at the same time as a system. Eligible components of systems are defined in Paragraphs D.2 through D.4 below.

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

1. The credit provided by R.S. 47:6030 is only allowed for complete and functioning wind energy systems or solar energy systems. Local and state taxes are an eligible system cost.

a. Exception to General Rule Allowing Credit Only for Complete Systems

i. In order to be eligible to receive the credit, the owner of a single unit in a multi-family residence project must have an undivided interest in the wind or solar energy system that is being installed.

ii. If a component of a wind or solar energy system is shared, documentation must be supplied dividing up the costs of the component between all those eligible for the credit.

iii. Subsequent purchasers of units in the multi-family residence not in possession of an undivided interest at the time of installation, will not be eligible for the credit.

2. Wind Energy Systems. Eligible wind energy systems under the tax credit include systems designed to produce electrical energy and systems designed to produce mechanical energy through blades, sails, or turbines and may include the following.

System Type	Eligible System Components
DC Wind Electric Generation Systems	DC output wind turbine, controllers, towers and supports, charge controllers, inverters, batteries, battery boxes, DC and AC disconnects, junction boxes, monitors, display meters, lightning and ground fault protection, and wiring and related electrical devices and supplies from generator to residence or electrical load
AC Wind Electric Generation Systems	AC output wind turbine, controllers, towers and supports, charge controllers, power conditioners/grid interconnection devices, batteries, battery boxes, AC disconnects, junction boxes, monitors, display meters, lightning and ground fault protection, and wiring and related electrical devices and supplies from generator to residence or electrical load
Mechanical Wind Systems	Mechanical output wind turbine, towers & supports, mechanical interconnection between turbine and mechanical load

3. Solar Electric Systems. Eligible solar electric systems under the tax credit include grid-connected net metering systems, grid-connected net metering systems with battery backup, stand alone alternating

current (AC) systems and stand alone direct current (DC) systems, designed to produce electrical energy and may include the following.

System Type	Eligible System Components
Grid-Connected, Net Metering Solar Electric Systems	Photovoltaic panels, mounting systems, inverters, AC & 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
Grid-Connected, Net Metering Solar Electric Systems with Battery Backup	Photovoltaic panels, mounting systems, inverters, charge controllers, batteries, battery cases, AC & 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
Stand Alone Solar Electric AC Systems	Photovoltaic panels, mounting systems, inverters, charge controllers, batteries, battery cases, AC & 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
Stand Alone Solar Electric DC Systems	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

4. Solar Thermal Systems. Solar thermal systems eligible under the tax credit include systems designed to produce domestic hot water, systems designed to produce thermal energy for use in heating and cooling systems and solar pool heating systems and may include the following.

System Type	Eligible System Components
Domestic Solar Hot Water Systems	Solar thermal collectors, mounting systems, solar hot water storage tanks, pumps, heat exchangers, drain back tanks, expansion tanks, controllers, sensors, valves, freeze protection devices, air elimination devices, photovoltaic panels for PV systems, piping and other related materials from the solar thermal collectors to the solar hot water storage tanks
Heating and Cooling Thermal Energy Systems	Solar thermal collectors, mounting systems, solar hot water storage tanks, pumps, heat exchangers, drain back tanks, expansion tanks, controllers, sensors, valves, freeze protection devices, air elimination devices, photovoltaic panels for PV systems, piping and other related materials from the solar thermal collectors to the solar hot water storage tanks
Solar Pool Heating System	Solar pool heating collectors, mounting systems and devices, controllers, actuators, valves, pool covers, air elimination devices, sensors, piping and other related materials from solar pool heating collectors to interconnection with pool filtration system

5. All wind and solar energy systems for which a tax credit is claimed shall include an operations and maintenance manual containing a working diagram of the system, explanations of the operations and functions of the component parts of the system and general maintenance procedures.

6. All photovoltaic panels, wind turbines, inverters and other electrical apparatus claiming the tax credit must be UL listed and installed in compliance with manufacturer specifications and all applicable building and electrical codes.

7. All solar thermal apparatus claiming the tax credit must be certified by the Solar Rating and Certification Corporation (SRCC) and installed in compliance with manufacturer specifications and all applicable building and plumbing codes.

8. Applicants applying for the tax credit on any system(s) must provide proof of purchase to the Louisiana Department of Revenue detailing the following as applicable to your particular solar or wind energy system installation:

- a. type of system applying for the tax credit;
- b. output capacity of the system:
 - i. Solar Electric Systems—total nameplate listed kW of all installed panels;
 - ii. Solar Thermal Systems—listed SRCC annual BTU or equivalent kWh output;
 - iii. Wind Electric Systems—total rated kW of all alternators and generators;
 - iv. Wind Mechanical Systems—shaft horsepower as rated by manufacturer, licensed contractor or licensed professional engineer;
- c. physical address where the system is installed in the state;
- d. total cost of the system as applied towards the tax credit separated by:
 - i. equipment costs;
 - ii. installation costs;
 - iii. taxes;

- e. make, model, and serial number of generators, alternators, turbines, photovoltaic panels, inverters, and solar thermal collectors applied for in the tax credit;
- f. name and Louisiana contractor's license number of installer;
- g. copy of the modeled array output report using the PV Watts Solar System Performance Calculator developed by the National Renewable Energy Laboratory and available at the website www.nrel.gov/rredc/pvwatts . The analysis must be performed using the default PV Watts de-rate factor;
- h. copy of a solar site shading analysis conducted on the installation site using a recognized industry site assessment tool such as a Solar Pathfinder or Solmetric demonstrating the suitability of the site for installation of a solar energy system.

E. Tax Exemption Eligibility of Certain Costs

1. Eligible costs—eligible costs that can be included under the tax credit are reasonable and prudent costs for equipment and installation of the wind and solar energy systems defined in Subsection B and described in Subsection D above. Equipment costs must be in accordance with Subsection D above.

a. All installations must be performed by a contractor duly licensed by and in good standing with the Louisiana Contractors Licensing Board with a classification of Solar Energy Equipment and a certificate of training in the design and installation of solar energy systems from an industry recognized training entity, or a Louisiana technical college, or the owner of the residence.

2. Ineligible Costs—labor costs for individuals performing their own installations are not eligible for inclusion under the tax credit. Supplemental heating equipment costs used with solar collectors are not eligible for inclusion under the tax credit.

3. Whenever, in return for the purchase price or as an inducement to make a purchase, marketing rebates or incentives are offered, the eligible cost shall be reduced by the fair market value of the marketing rebate or incentive received. Such marketing rebates or incentives include, but are not limited to, cash rebates, prizes, gift certificates, trips or any other thing of value given by the installer to the customer as an inducement to purchase an eligible wind or solar energy system.

4. Solar or wind energy systems or components for which tax credits are received are not eligible for a second tax credit if resold.

5. Any solar or wind energy system for which a tax credit is received must remain on the structure to which it was originally attached or on another structure located within Louisiana owned or occupied by the individual receiving the credit for a minimum of five years from the date of installation.

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

HISTORICAL NOTE: Promulgated by the Department of Revenue, LR 34:



Private Letter Ruling
Redacted Version
No. 09-018

Individual Income Tax and Corporation Income Tax
Qualification for the Solar Energy Systems Tax Credit
October 6, 2009

This is in reply to your request for a private letter ruling concerning whether the cost to purchase and install five separate photovoltaic solar energy systems and a solar thermal hot water system qualifies for the solar energy systems tax credit; and whether the amount of the solar energy systems tax credit will equal fifty percent of the total cost to purchase and install the systems.

Factual Scenario

You provided these facts:

On October 5, 2008, Taxpayers and A Corporation signed a contract whereby A Corporation agreed to provide and install three (3) separate 2.025 kW PV solar panel energy systems at a contract price of approximately \$52,000 in order to supply the energy needs of Taxpayers' residence.

On November 15, 2008, Taxpayers and A Corporation signed a contract whereby A Corporation agreed to provide and install two (2) separate 1.72 kW PV solar panel energy systems to supply the energy needs of Taxpayers' residence.

On November 15, 2008, Taxpayers and A Corporation signed a contract whereby A Corporation agreed to provide and install one (1) eighty gallon two collector solar thermal system to supply the hot water needs of Taxpayers' residence.

The contract price to provide and install two (2) separate 1.72 kW PV solar panel energy systems and one (1) eighty gallon two collector solar thermal system was approximately \$34,000 as described in the contract between Taxpayers and A Corporation signed on November 15, 2008.

The five (5) solar panel energy systems will share and be operated through one (1) SMA 5000 series inverter and one (1) SMA 3000 series inverter. The solar panel energy systems will not otherwise be interconnected or share any components other than an inverter.

The cost to purchase and install each solar panel energy system will be less than \$25,000.

The cost to purchase and install the solar thermal system will be less than \$25,000.

The total cost to purchase and install the solar panel energy systems and the solar thermal system will exceed \$25,000.

A Corporation is a contractor duly licensed by and in good standing with the Louisiana Contractors Licensing Board with a classification of Solar Energy Equipment.

The solar panel energy systems will be UL listed and installed in compliance with manufacturer specifications and all applicable building and electrical codes.

The solar panel energy systems and the solar thermal system will be installed by A Corporation and placed in service at Taxpayers' residence in 2009.

The solar panel energy systems will be grid connected net metering systems.

The solar thermal system will be certified by the Solar Rating and Certification Corporation and installed in compliance with manufacturer specifications and all applicable building and plumbing codes.

The solar panel energy systems and the solar thermal system will supply Taxpayers' residence with less than all of its energy needs.

Taxpayers intend to apply for any federal tax credits available to them on account of the purchase and installation of the solar panel energy systems and the solar thermal system.

Taxpayers are married individuals and will file joint tax returns for 2009.

Ruling Request

You have asked for a ruling as follows:

As residents of Louisiana, whose primary residence is located in Louisiana, Taxpayers 1) are eligible to earn income tax credits for solar energy systems under R.S. 47:6030; 2) will be entitled to a tax credit equal to fifty percent of the total cost to purchase and install the solar panel energy systems and solar thermal system; and 3) will receive a refund of any credit which exceeds their Louisiana income tax liability for the year the solar panel energy systems and solar thermal system are placed in service.

Taxpayers' eligibility, application for, and receipt of federal income tax credits for the purchase and installation of the solar panel energy systems and solar thermal system pursuant to 26 U.S.C. 25D 1) will not preclude them from receiving the solar energy systems tax credit; and 2) the solar energy systems tax credit will be equal to fifty percent of the entire purchase and installation cost of the solar panel energy systems and solar thermal system without reduction or offset due to their application for the federal tax credit.

Discussion

Louisiana Revised Statute 47:6030(A) provides that "There shall be a credit against the income tax for the cost of purchase and installation of a wind energy system or solar energy system, or both, by a resident individual at his residence located in this state or by the owner of a residential rental apartment project." In addition, LAC 61:I.1907(B) defines residence to be "a single family dwelling, one dwelling unit of a multi-family owner occupied complex (such as a condominium) or one residential dwelling unit of a rental apartment complex. All eligible residences must be located in Louisiana." Taxpayers state that they are residents of Louisiana and that their primary residence, for which the solar panel energy systems and solar thermal system are being purchased and installed, is located in Louisiana.

Louisiana Revised Statute 47:6030(B)(1) provides that "The credit shall be equal to fifty percent of the first twenty five thousand dollars of the cost of each wind energy system or solar energy system, including installation costs, that is purchased and installed on or after January 1, 2008."

In addition, LAC 61:I.1907(A) provides that “The amount of the credit is equal to 50 percent of the first \$25,000 of the cost of each wind or solar energy system.” Taxpayers state in their rendition of the facts that the cost to purchase and install each solar panel energy system and solar thermal system will be less than \$25,000. However, an analysis of the facts shows that the use of shared inverters creates a question as to the number of complete solar electric systems.

According to LAC 61:I.1907(B), a solar electric system is “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.” In other words, a system has all of the discrete elements of a system. The use of a shared inverter in “two” systems causes one of the two to not have all the discrete elements of a system with the result that one of the systems would not be eligible for the credit. In considering this aspect examples are helpful.

Example 1: Taxpayer installs four (4) separate 2.378 kW PV solar energy systems with four (4) SMA 3000 inverters for a total cost of approximately \$92,000 or a per system cost of \$23,000. Each separate solar energy system would be eligible for a credit equal to fifty percent of the cost of the system or \$11,500 for a total credit of \$46,000.

Example 2: Taxpayer installs three (3) separate 2.025 kW PV solar energy systems with a shared SMA 5000 inverter and two (2) separate 1.72 kW PV solar energy systems with a shared SMA 3000 inverter for a total cost of approximately \$86,000 or a per system cost of \$17,200. If allowed to share components, each separate solar energy system would be eligible for a credit equal to fifty percent of the cost of the system or \$8,600 for a total credit of \$43,000.

The purpose of the limitation on the cost of each wind energy system or solar energy system found in La. R.S. 47:6030(B)(1) was to reduce overall programmatic costs. The examples illustrate how this purpose would not be achieved absent the creation of a “safe harbor” allowing shared inverters in the course of the simultaneous installation of two or more systems. Currently, there is one exception to the general rule allowing the credit only for complete systems. A “safe harbor” provision would act as another exception to the general rule. By allowing a “safe harbor”, the Department of Revenue would satisfy the purpose of the legislation by decreasing the cost of the program to the state, decreasing the cost to the taxpayer, and increase the efficiency of the installed systems. The “safe harbor” provision would allow the use of shared inverters when two or more systems are being installed at the same time. In the examples above, the savings to the state would equal the difference between \$46,000 and \$43,000 or \$3,000. However, any equipment added at a later date could not use existing system components and would have to have every element of a complete system in order to qualify for the credit. The Department intends to formally create a “safe harbor” allowing the use of shared inverters when two or more systems are installed at the same time in upcoming amendments to the Rule LAC 61:I.1907, but will give effect to the “safe harbor” treatment immediately. Under the “safe harbor” this ruling is based upon the existence of five solar panel energy systems.

According to LAC 61:I.1907(C)(1), “Each residence or apartment project in the state is eligible for tax credits for the number of separate complete wind, solar electric, and solar thermal energy systems necessary to ensure that the residence or apartment project is supplied with all of its energy needs.”

Louisiana Revised Statute 47:6030(C) provides that “Notwithstanding any other provision of law to the contrary, any excess of allowable credit over the aggregate tax liabilities against which such credit may be applied, as provided in this Section, shall constitute an overpayment, as defined in R.S. 47:1621(A), and the secretary shall make a refund of such overpayment from the current collections of the taxes imposed by Chapter 1 or Chapter 5 of Subtitle II of this Title, together with interest as provided in R.S. 47:1624.”

Louisiana Revised Statute 47:6030(B)(1) provides that “The credit may be used in addition to any federal tax credits earned for the same system.”

Ruling

Based on the facts provided, Taxpayers 1) are eligible to earn income tax credits for solar energy systems under R.S. 47:6030; 2) are entitled to a tax credit equal to fifty percent of the first \$25,000 of the cost to purchase and install each of the five separate solar panel energy systems and the solar thermal system; 3) will receive a refund, if the solar energy systems credits exceed their Louisiana income tax liability for the year the solar panel energy systems and solar thermal system are placed in service; and 4) are not precluded from receiving the solar energy systems tax credit even if they receive a federal income tax credit for the purchase and installation of solar panel energy systems and solar thermal system pursuant to 26 U.S.C. 25D.

If you have any questions or need additional information, please call Leonore Heavey, Revenue Tax Assistant Director, or William E. Little, Attorney, Policy Services Division, at 219-2780.

Sincerely,

Cynthia Bridges
Secretary

By:

William E. Little
Attorney
Policy Services

This correspondence constitutes a private letter ruling (PLR) by the Louisiana Department of Revenue, as provided for by section 61:III.101 of the Louisiana Administrative Code. A PLR provides guidance to a specific taxpayer at the taxpayer's request. It is a written statement that applies principles of law to a specific set of facts or a particular tax situation. A PLR does not have the force and effect of law, and is not binding on the person who requested it or on any other taxpayer. This PLR is binding on the department only as to the taxpayer to whom it is addressed, and only if the facts presented were truthful and complete and the transaction was carried out as proposed. It continues as authority for the department's position unless a subsequent declaratory ruling, rule, court case, or statute supersedes it.



**Individual Wind or Solar Energy
Income Tax Credit**

PLEASE PRINT OR TYPE.

Name of Taxpayer claiming credit		Social Security No.	
Location where system installed	City	State	ZIP
<input type="checkbox"/> New System and installation	<input type="checkbox"/> Solar Electric System	<input type="checkbox"/> Solar Thermal System	
<input type="checkbox"/> Addition to existing system	<input type="checkbox"/> Wind Electric System	<input type="checkbox"/> Wind Mechanical System	
Date the energy system was purchased and installed _____ mm/dd/yyyy in a:			
A. <input type="checkbox"/> Louisiana Residence B. <input type="checkbox"/> Residential Rental Apartment Project Located in Louisiana			
Contractor's Name		Contractor's Louisiana License Number	

Available Credit for Residence- Complete this section if Box A was selected

1	Complete a worksheet, found on page 2, for each wind and solar energy system, using Part A for a Louisiana residence and Part B for a residential rental apartment project located in Louisiana. Add the amounts from lines 6 and 12 of each worksheet and print the total.	1	
2	Share of qualifying tax credit from partnerships, trusts or small business corporations <i>(Number of units _____)</i> Name of Entity: _____ Louisiana Revenue Acct No: _____	2	
3	Total Credit Available to the taxpayer <i>(Add Lines 1 and 2.)</i>	3	

LSA-R.S. 47:6030 provides for a credit against income tax for the purchase and installation of a wind energy system or solar energy system, or both, for an individual at his residence located in this state, for the owner of a Louisiana residential rental apartment project, or for a taxpayer who purchases and installs a system in a residence or residential rental apartment project located in Louisiana. The credit may also be claimed in cases where the resident individual purchases a newly constructed home located in Louisiana that has such systems already installed, or a taxpayer who purchases a newly constructed residential rental apartment project that has such systems already installed.

If you received this credit through an interest in a partnership, trusts, or small business corporations, please retain copies of the Schedule K-1 or other document that support your share of the distributed credit amount entered on line 2 above.

Declaration

I declare that to the best of my knowledge of all available information, this refund claim is true and complete and complies with all statutes, rules and regulations, and any other policy pronouncements related to the wind and/or solar energy income tax credit.

Signature of Officer, Owner or Other *(for other, attach power of attorney)*

Date *(mm/dd/yyyy)*

X



**Individual Wind or Solar Energy
Income Tax Credit
Worksheet**

**FILING PERIOD
2009**

PLEASE PRINT OR TYPE.

Name of taxpayer claiming credit	Social Security No.		
Location where system installed	City	State	ZIP

PART A Available Credit for a Louisiana Residence - Complete this section if Box A, page 1 is checked.

1	Cost of new system equipment	1	
2	Cost of new system Installation	2	
3	Taxes associated with new system	3	
4	Total (Add Lines 1 through 3.)	4	
5	Multiply Line 4 by 50% (.50)	5	
6	Enter the smaller of Line 5 or \$12,500	6	

PART B Available credit for Residential Rental Apartment Project located in Louisiana- Complete this section if Box B, page 1 is checked.

7	Cost of new system equipment	7	
8	Cost of new system Installation	8	
9	Taxes associated with new system	9	
10	Total (Add Lines 7 through 9.)	10	
11	Multiply Line 10 by 50% (.50)	11	
12	Enter the smaller of Line 11 or \$12,500	12	

Please complete a separate worksheet for each wind or solar energy system for which you are requesting credit. Attach each worksheet to page 1.

LSA-R.S. 47:6030 provides for a credit against income tax for the purchase and installation of a wind energy system or solar energy system, or both, for an individual at his residence located in this state, for the owner of a Louisiana residential rental apartment project, or for a taxpayer who purchases and installs a system in a residence or residential rental apartment project located in Louisiana. The credit may also be claimed in cases where the resident individual purchases a newly constructed home that has such systems already installed, or a taxpayer who purchases a newly constructed residential rental apartment project that has such systems already installed. Please retain copies of this form and the purchase invoice(s) or other documents that support the amounts entered on lines 1, 2, and 3 or the amounts entered on lines 7, 8, and 9 for review by the Department of Revenue upon request for verification of solar and/or wind energy system costs related to this credit.

3/19/10



Federal Incentives/Policies for Renewables & Efficiency

Residential Renewable Energy Tax Credit

Last DSIRE Review: 02/18/2010

Program Overview:

State:	Federal
Incentive Type:	Personal Tax Credit
Eligible Renewable/Other Technologies:	Solar Water Heat, Photovoltaics, Wind, Fuel Cells, Geothermal Heat Pumps, Other Solar Electric Technologies
Applicable Sectors:	Residential
Amount:	30%
Maximum Incentive:	Solar-electric systems placed in service before 1/1/2009: \$2,000 Solar-electric systems placed in service after 12/31/2008: no maximum Solar water heaters placed in service before 1/1/2009: \$2,000 Solar water heaters placed in service after 12/31/2008: no maximum Wind turbines placed in service in 2008: \$4,000 Wind turbines placed in service after 12/31/2008: no maximum Geothermal heat pumps placed in service in 2008: \$2,000 Geothermal heat pumps placed in service after 12/31/2008: no maximum Fuel cells: \$500 per 0.5 kW
Carryover Provisions:	Excess credit may be carried forward to succeeding tax year
Eligible System Size:	Fuel cells: 0.5 kW minimum
Equipment Requirements:	Solar water heating property must be certified by SRCC or by comparable entity endorsed by the state in which the system is installed. At least half the energy used to heat the dwelling's water must be from solar. Geothermal heat pumps must meet federal Energy Star requirements. Fuel cells must have electricity-only generation efficiency greater than 30%.
Web Site:	http://www.energystar.gov/taxcredits
Authority 1:	26 USC § 25D
Date Enacted:	8/8/2005 (subsequently amended)
Date Effective:	1/1/2006
Expiration Date:	12/31/2016
Authority 2:	IRS Form 5695 & Instructions: Residential Energy Credits

Summary:

Note: The American Recovery and Reinvestment Act of 2009 does not allow taxpayers eligible for the residential renewable energy tax credit to receive a U.S. Treasury Department grant instead of

taking this credit.

Established by the federal *Energy Policy Act of 2005*, the federal tax credit for residential energy property initially applied to solar-electric systems, solar water heating systems and fuel cells. *The Energy Improvement and Extension Act of 2008* (H.R. 1424) extended the tax credit to small wind-energy systems and geothermal heat pumps, effective January 1, 2008. Other key revisions included an eight-year extension of the credit to December 31, 2016, the ability to take the credit against the alternative minimum tax, and the removal of the \$2,000 credit limit for solar-electric systems beginning in 2009. The credit was further enhanced in February 2009 by *The American Recovery and Reinvestment Act of 2009* (H.R. 1: Div. B, Sec. 1122, p. 46), which removed the maximum credit amount for all eligible technologies (except fuel cells) placed in service after 2008.

A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States and used as a residence by the taxpayer. Expenditures with respect to the equipment are treated as made when the installation is completed. If the installation is on a new home, the "placed in service" date is the date of occupancy by the homeowner. Expenditures include labor costs for onsite preparation, assembly or original system installation, and for piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year. The excess credit can be carried forward until 2016, but it is unclear whether the unused tax credit can be carried forward after then. The maximum allowable credit, equipment requirements and other details vary by technology, as outlined below.

Solar-electric property

- There is no maximum credit for systems placed in service after 2008. The maximum credit is \$2,000 for systems placed in service before January 1, 2009.
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016.
- The home served by the system does *not* have to be the taxpayer's principal residence.
- Note that the Solar Energy Industries Association (SEIA) has published a three-page document that provides answers to frequently asked questions regarding the federal tax credits for solar energy.

Solar water-heating property

- There is no maximum credit for systems placed in service after 2008. The maximum credit is \$2,000 for systems placed in service before January 1, 2009.
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016.
- Equipment must be certified for performance by the Solar Rating Certification Corporation (SRCC) or a comparable entity endorsed by the government of the state in which the property is installed.
- At least half the energy used to heat the dwelling's water must be from solar in order for the solar water-heating property expenditures to be eligible.
- The tax credit does not apply to solar water-heating property for swimming pools or hot tubs.
- The home served by the system does *not* have to be the taxpayer's principal residence.
- Note that the Solar Energy Industries Association (SEIA) has published a three-page document that provides answers to frequently asked questions regarding the federal tax credits for solar energy.

Fuel cell property

- The maximum credit is \$500 per half kilowatt (kW).
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016.
- The fuel cell must have a nameplate capacity of at least 0.5 kW of electricity using an electrochemical process and an electricity-only generation efficiency greater than 30%.
- In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is \$1,667 per half kilowatt. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
- The home served by the system *must* be the taxpayer's principal residence.

Small wind-energy property

- There is no maximum credit for systems placed in service after 2008. The maximum credit is \$500 per half kilowatt, not to exceed \$4,000, for systems placed in service in 2008.
- Systems must be placed in service on or after January 1, 2008, and on or before December 31, 2016.
- The home served by the system does *not* have to be the taxpayer's principal residence.

Geothermal heat pumps

- There is no maximum credit for systems placed in service after 2008. The maximum credit is \$2,000 for systems placed in service in 2008.
- Systems must be placed in service on or after January 1, 2008, and on or before December 31, 2016.
- The geothermal heat pump must meet federal Energy Star program requirements in effect at the time the installation is completed.
- The home served by the system does *not* have to be the taxpayer's principal residence.

Significantly, *The American Recovery and Reinvestment Act of 2009* repealed a previous limitation on the use of the credit for eligible projects also supported by "subsidized energy financing." For projects placed in service after December 31, 2008, this limitation no longer applies.

History

The federal *Energy Policy Act of 2005* established a 30% tax credit (up to \$2,000) for the purchase and installation of residential solar electric and solar water heating property and a 30% tax credit (up to \$500 per 0.5 kilowatt) for fuel cells. Initially scheduled to expire at the end of 2007, the tax credits were extended through December 31, 2008, by the *Tax Relief and Health Care Act of 2006*.

In October 2008, the *Energy Improvement and Extension Act of 2008* extended the tax credits once again (until December 31, 2016), and a new tax credit for small wind-energy systems and geothermal heat pump systems was created. In February 2009, *The American Recovery and Reinvestment Act of 2009* removed the maximum credit amount for all eligible technologies (except fuel cells) placed in service after 2008.

Contact:

Public Information - IRS
U.S. Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224
Phone: (800) 829-1040
Web Site: <http://www.irs.gov>

Frequently-Asked Questions

The following frequently-asked questions are an excerpt from SEIA's *Guide to Federal Incentives for Solar Energy* version 3.0, released May 21, 2009. The full version of the tax manual is available to SEIA members. If you are not a member of SEIA, you can join at <http://www.seia.org/cs/membership>.

The manual and these FAQs have been prepared by Chadbourne & Parke LLP and are brought to you by the Solar Energy Industries Association (SEIA).

Although the information in these FAQs is intended to be current as of May 2009, SEIA makes no warranty or guarantee of any kind that it is correct, complete or wholly up-to-date. Please note that this document is intended to provide only general guidance. You should not rely upon or construe the information in this document as legal advice, and you should not act or fail to act based upon the information herein without first seeking professional counsel from a competent specialist. Reliance on this document will not prevent the Internal Revenue Service (IRS) from imposing penalties if it takes a different view of the law. Readers are strongly urged to obtain specific advice from a tax specialist, as the U.S. tax code is complex. Interpretations of tax law are frequently established based on the merits of individual cases that come before the IRS, as opposed to pre-conceived rules.

Please also note that, by providing this document, neither SEIA nor Chadbourne & Parke is providing, or intending to provide, you or any other reader of this document with legal advice or to establish an attorney-client relationship with you or any other reader of this document. To the extent you have questions concerning any legal issues, you should consult a lawyer. Neither SEIA nor any member of SEIA nor Chadbourne & Parke shall be responsible for your use of this document or for any damages resulting there from.

1. If I receive a rebate for my system from my state or local government, does that reduce the basis on which I can claim the federal 30% ITC?

A rebate received in a commercial context must usually be reported as taxable income by the recipient. A recipient who must report a rebate as income claims the gross amount paid for solar equipment as his "tax basis" in the equipment for purposes of calculating the commercial solar tax credit or Treasury cash grant.

Grants from state or local governments must ordinarily be reported as taxable income and do not reduce the tax basis for calculating the 30% tax credit for the equipment whose purchase price is paid in part with the grant.

2. If I receive a rebate for my system from my utility, does that reduce the basis on which I can claim the federal 30% ITC?

A rebate received from a utility in a commercial context usually must be reported as taxable income by the recipient. A recipient who must report a rebate as income claims the gross amount paid for solar equipment as his “tax basis” in the equipment for purposes of calculating the commercial solar tax credit or Treasury cash grant.

A rebate received by a homeowner in a residential context usually does not have to be reported as income when the rebate is received from the local utility. A homeowner who does not report the rebate as income takes a “tax basis” in solar equipment equal to the net amount he paid. In other words, if the solar equipment has a gross cost of \$20,000, but a rebate from the local utility pays \$2,000, then his tax basis in the equipment for purposes of calculating the residential tax credit is \$18,000.

3. Can I take the 30% federal grant instead of the 30% tax credit?

The grant program option applies only to commercial systems and does not apply to residential systems.

The owner of new solar equipment put to commercial use and placed in service in 2009 or 2010 qualifies potentially for a 30% cash grant from the US Treasury. The owner would receive this grant in place of the commercial tax credit. The grant will be paid within 60 days after the equipment is placed in service or, if later, after the application is submitted and approved for the grant. Grants will also be paid on commercial solar systems on which the owner commences construction in 2009 or 2010, provided the system is placed in service by 2016.

4. If I build a new house for sale, can I take the residential credit or the commercial credit?

The homebuilder is not usually entitled to the tax credit. The commercial credit can only be claimed on solar equipment put to commercial use. It is claimed by the person who owns the equipment when it is placed in service. A homebuilder does not usually place a house in service, unless he retains ownership of the house and uses it as a rental property.

In most situations where someone builds a house and sells it with solar equipment already installed, the new homeowner is the one entitled to any tax credit. He claims a residential credit. He must use the house as his residence.

5. If I don't have enough tax liability to take the full tax credit in the year my system is installed, can I apply the remainder of the credit to the following years' taxes?

Unused commercial credits can be carried forward for up to 20 years. Unused residential credits can be carried forward at least until tax year 2016 (the year the residential credit expires). It is unclear whether residential credits can be carried forward past 2016.

6. What if I have to sell my house, can I still claim the credit?

The residential credit is not recaptured if the house is later sold. However, the homeowner will have had to have reduced his tax basis in the house by the amount of the credit. He is more likely to have a gain on sale.

7. Does the 30% credit cover the cost of installation labor?

The cost of labor to install solar equipment goes into the "basis" for calculating the credit. However, only labor tied to eligible solar equipment goes into the basis. Thus, for example, if part of the labor is for replacing a roof under the solar panels, that part would not count.

8. Is there a standard tax form for claiming the 30% credit?

If so, where can I find it? The commercial credit is claimed on IRS Form 3468. The residential credit is claimed on IRS Form 5695. Tax forms can be found at www.irs.gov. However, the 2009 forms may not be available yet on the IRS website as the agency is updating them to reflect the changes in the "American Recovery and Reinvestment Act" signed into law February 17, 2009.

9. I installed my residential system in 2008. Can I claim the full 30% credit?

You can claim a credit only up to the cap of \$2,000 per system that was installed before 2009. There is no cap for PV or solar thermal systems installed after 2008.

10. I received government loans to finance my system, does that affect the credit I can claim?

Any government loan considered "subsidized energy financing" --- and most should be --- is used to reduce the "basis" on which the credit is calculated before 2009. For the commercial credit, if the system was partly constructed before 2009, then there will be reduction in basis for the share of the cost incurred before 2009 that was financed with such a loan. For the residential credit, there is no reduction on account of such a loan for any system on which installation was completed after 2008. It does not matter if work started in 2008.

Residential Energy Credits

Department of the Treasury
Internal Revenue Service
Name(s) shown on return

▶ See instructions.
▶ Attach to Form 1040 or Form 1040NR.

2009
Attachment
Sequence No. **158**

Your social security number

Before You Begin Part I: Figure the amount of any credit for the elderly or the disabled you are claiming.

Part I Nonbusiness Energy Property Credit (See instructions before completing this part.)

		1	<input type="checkbox"/> Yes	<input type="checkbox"/> No
1 Were the qualified energy efficiency improvements or residential energy property costs for your main home located in the United States? (see instructions) ▶				
<i>Caution: If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part I.</i>				
2 Qualified energy efficiency improvements (see instructions).				
a Insulation material or system specifically and primarily designed to reduce the heat loss or gain of your home	2a			
b Exterior windows (including certain storm windows) and skylights	2b			
c Exterior doors (including certain storm doors)	2c			
d Metal roof with appropriate pigmented coatings, or asphalt roof with appropriate cooling granules, that are specifically and primarily designed to reduce the heat gain of your home, and the roof meets or exceeds the Energy Star program requirements in effect at the time of purchase or installation	2d			
3 Residential energy property costs (see instructions).				
a Energy-efficient building property	3a			
b Qualified natural gas, propane, or oil furnace or hot water boiler	3b			
c Advanced main air circulating fan used in a natural gas, propane, or oil furnace	3c			
4 Add lines 2a through 3c	4			
5 Multiply line 4 by 30% (.30)	5			
6 Maximum credit amount. (If you jointly occupied the home, see instructions)	6		\$1,500	
7 Enter the smaller amount of line 5 or line 6	7			
8 Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	8			
9 Enter the total, if any, of your credits from Form 1040, lines 47 through 50, and Schedule R, line 24; or Form 1040NR, lines 44 through 46	9			
10 Subtract line 9 from line 8. If zero or less, stop . You cannot take the nonbusiness energy property credit	10			
11 Nonbusiness energy property credit. Enter the smaller of line 7 or line 10	11			

Before You Begin Part II:

Figure the amount of any of the following credits you are claiming.

- Credit for the elderly or the disabled.
- District of Columbia first-time homebuyer credit.
- Alternative motor vehicle credit.
- Qualified plug-in electric vehicle credit.
- Qualified plug-in electric drive motor vehicle credit.

Part II Residential Energy Efficient Property Credit (See instructions before completing this part.)

Note. Skip lines 12 through 21 if you only have a **credit carryforward from 2008.**

12 Qualified solar electric property costs	12		
13 Qualified solar water heating property costs	13		
14 Qualified small wind energy property costs	14		
15 Qualified geothermal heat pump property costs	15		
16 Add lines 12 through 15	16		
17 Multiply line 16 by 30% (.30)	17		
18 Qualified fuel cell property costs	18		
19 Multiply line 18 by 30% (.30)	19		
20 Kilowatt capacity of property on line 18 above ▶ _____ x \$1,000	20		
21 Enter the smaller of line 19 or line 20	21		
22 Credit carryforward from 2008. Enter the amount, if any, from your 2008 Form 5695, line 28 . .	22		
23 Add lines 17, 21, and 22	23		
24 Enter the amount from Form 1040, line 46, or Form 1040NR, line 43 .	24		
25 1040 filers: Enter the total, if any, of your credits from Form 1040, lines 47 through 50; line 11 of this form; line 12 of the Line 11 worksheet in Pub. 972 (see instructions); Form 8396, line 11; Form 8839, line 18; Form 8859, line 11; Form 8834, line 22; Form 8910, line 21; Form 8936, line 14; and Schedule R, line 24. 1040NR filers: Enter the amount, if any, from Form 1040NR, lines 44 through 46; line 11 of this form; line 12 of the Line 11 worksheet in Pub. 972 (see instructions); Form 8396, line 11; Form 8839, line 18; Form 8859, line 11; Form 8834, line 22; Form 8910, line 21; and Form 8936, line 14.	25		
26 Subtract line 25 from line 24. If zero or less, enter -0- here and on line 27	26		
27 Residential energy efficient property credit. Enter the smaller of line 23 or line 26	27		
28 Credit carryforward to 2010. If line 27 is less than line 23, subtract line 27 from line 23	28		

Part III Current Year Residential Energy Credits

29 Add lines 11 and 27. Enter the result here and on Form 1040, line 52, or Form 1040NR, line 48, and check box c on that line	29		
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General Instructions

Section references are to the Internal Revenue Code.

What's New

Nonbusiness energy property credit. The nonbusiness energy property credit has been reinstated for qualified property placed in service after 2008. The credit is limited to a total of \$1,500 for tax years 2009 and 2010. The credit has also been expanded to include certain biomass fuel stoves and asphalt roofs. For more details, see *Nonbusiness Energy Property Credit* below.

Residential energy efficient property credit. The annual maximum credit limits have been eliminated for qualified solar, small wind energy, and geothermal heat pump property costs. For more details, see *Residential Energy Efficient Property Credit* on this page.

Purpose of Form

Use Form 5695 to figure and take your residential energy credits. The residential energy credits are:

- The nonbusiness energy property credit, and
- The residential energy efficient property credit.

Also use Form 5695 to take any residential energy efficient property credit carryforward from 2008.

Who Can Take the Credits

You may be able to take the credits if you made energy saving improvements to your home located in the United States in 2009. For credit purposes, costs are treated as being paid when the original installation of the item is completed, or in the case of costs connected with the construction or reconstruction of your home, when your original use of the constructed or reconstructed home begins. If less than 80% of the use of an item is for nonbusiness purposes, only that portion of the costs that are allocable to the nonbusiness use can be used to determine the credits.

Home. A home is where you lived in 2009 and can include a house, houseboat, mobile home, cooperative apartment, condominium, and a manufactured home that conforms to Federal Manufactured Home Construction and Safety Standards.

You must reduce the basis of your home by the amount of any credits allowed.

Main home. Your main home is generally the home where you live most of the time. A temporary absence due to special circumstances, such as illness, education, business, military service, or vacation, will not change your main home.

Special rules. If you are a member of a condominium management association for a condominium you own or a tenant-stockholder in a cooperative housing corporation, you are treated as having paid your proportionate share of any costs of such association or corporation.



If you received a subsidy from a public utility for the purchase or installation of an energy conservation product and that subsidy was not included in your gross income, you must reduce your cost for the product by the amount of that subsidy before you compute your credit. This rule also applies if a third party (such as a contractor) receives the subsidy on your behalf.

Nonbusiness Energy Property Credit

You may be able to take a credit of 30% of the costs paid or incurred in 2009 for any qualified energy efficiency improvements and any residential energy property. The credit is limited to a total of \$1,500 for tax years 2009 and 2010.

Qualified energy efficiency improvements. Qualified energy efficiency improvements are the following building envelope components installed on or in your main home that you owned during 2009 located in the United States if the original use of the component begins with you and the component can be expected to remain in use at least 5 years.

- Any insulation material or system that is specifically and primarily designed to reduce heat loss or gain of a home when installed in or on such a home.
- Exterior windows (including certain storm windows and skylights).
- Exterior doors (including certain storm doors).

- Any metal roof with appropriate pigmented coatings, or asphalt roof with appropriate cooling granules, that are specifically and primarily designed to reduce the heat gain of your home, and the roof meets or exceeds the Energy Star program requirements in effect at the time of purchase or installation.

For purposes of figuring the credit, do not include amounts paid for the onsite preparation, assembly, or original installation of the property.



To qualify for the credit, qualified energy efficiency improvements must meet certain energy efficiency requirements. See Lines 2a Through 2d on page 4 for details.

Residential energy property costs. Residential energy property costs are costs of new qualified energy property that is installed on or in connection with your main home that you owned during 2009 located in the United States. This includes labor costs properly allocable to the onsite preparation, assembly, or original installation of the property. Qualified residential energy property is any of the following.

- Certain electric heat pump water heaters; electric heat pumps; central air conditioners; natural gas, propane, or oil water heaters; and stoves that use biomass fuel.
- Qualified natural gas, propane, or oil furnaces; and qualified natural gas, propane, or oil hot water boilers.
- Certain advanced main air circulating fans used in natural gas, propane, or oil furnaces.



To qualify for the credit, qualified residential energy property must meet certain energy efficiency requirements. See Lines 3a Through 3c on page 5 for details.

Joint ownership of qualified property. If you and a neighbor shared the cost of qualifying property to benefit each of your main homes, both of you can take the nonbusiness energy property credit. You figure your credit on the part of the cost you paid. The limit on the amount of the credit applies to each of you separately.

Married taxpayers with more than one home. If both you and your spouse owned and lived apart in separate main homes, the limit on the amount of the credit applies to each of you separately. If you are filing separate returns, both of you would complete a separate Form 5695. If you are filing a joint return, figure your nonbusiness energy property credit as follows.

1. Complete Part I of a separate Form 5695 for each main home through line 5.
2. Figure the amount to be entered on line 5 of both forms (but not more than \$1,500 for each form) and enter the combined amount on line 5 of one of the forms.
3. On line 6 of the form with the combined amount on line 5, cross out the preprinted \$1,500 and enter \$3,000.
4. On the dotted line to the left of line 6, enter "More than one main home." Then, complete the rest of this form.
5. Attach both forms to your return.

Joint occupancy. If you owned your home jointly, each owner must complete his or her own Form 5695. Your credit is limited to the smaller of:

1. The amount you paid, or
2. \$1,500 multiplied by a fraction. The numerator is the amount you paid and the denominator is the total amount paid by you and all other owners.

These rules do not apply to married individuals filing a joint return.

Residential Energy Efficient Property Credit

You may be able to take a credit of 30% of your costs of qualified solar electric property, solar water heating property, small wind energy property, geothermal heat pump property, and fuel cell property. This includes labor costs properly allocable to the onsite preparation, assembly, or original installation of the property and for piping or wiring to interconnect such property to the home. The credit amount for costs paid for qualified fuel cell property is limited to \$500 for each one-half kilowatt of capacity of the property.

Qualified solar electric property costs. Qualified solar electric property costs are costs for property that uses solar energy to generate electricity for use in your home located in the United States. This includes costs relating to a solar panel or other property installed as a roof or a portion of a roof. The home does not have to be your main home.

Qualified solar water heating property costs. Qualified solar water heating property costs are costs for property to heat water for use in your home located in the United States if at least half of the energy used by the solar water heating property for such purpose is derived from the sun. This includes costs relating to a solar panel or other property installed as a roof or a portion of a roof. To qualify for the credit, the property must be certified for performance by the nonprofit Solar Rating Certification Corporation or a comparable entity endorsed by the government of the state in which the property is installed. The home does not have to be your main home.

Qualified small wind energy property costs. Qualified small wind energy property costs are costs for property that uses a wind turbine to generate electricity for use in connection with your home located in the United States. The home does not have to be your main home.

Qualified geothermal heat pump property costs. Qualified geothermal heat pump property costs are costs for qualified geothermal heat pump property installed on or in connection with your home located in the United States. Qualified geothermal heat pump property is any equipment that uses the ground or ground water as a thermal energy source to heat your home or as a thermal energy sink to cool your home. To qualify for the credit, the geothermal heat pump property must meet the requirements of the Energy Star program that are in effect at the time of purchase. The home does not have to be your main home.

Qualified fuel cell property costs. Qualified fuel cell property costs are costs for qualified fuel cell property installed on or in connection with your main home located in the United States. Qualified fuel cell property is an integrated system comprised of a fuel cell stack assembly and associated balance of plant components that converts a fuel into electricity using electrochemical means. To qualify for the credit, the fuel cell property must have a nameplate capacity of at least one-half kilowatt of electricity using an electrochemical process and an electricity-only generation efficiency greater than 30%.



Costs allocable to a swimming pool, hot tub, or any other energy storage medium which has a function other than the function of such storage do not qualify for the residential energy efficiency credit.

Joint occupancy. If you occupied your home jointly, each occupant must complete his or her own Form 5695. To figure the credit, the maximum qualifying costs that can be taken into account by all occupants for qualified fuel cell property costs is \$1,667 for each one-half kilowatt of capacity of the property. The amount allocable to you for qualified fuel cell property costs is the lesser of:

1. The amount you paid, or
2. The maximum qualifying cost of the property multiplied by a fraction. The numerator is the amount you paid and the denominator is the total amount paid by you and all other occupants.

These rules do not apply to married individuals filing a joint return.

Example. Taxpayer A owns a house with Taxpayer B where they both reside. In 2009, they installed qualified fuel cell property at a cost of \$20,000 with a kilowatt capacity of 5. Taxpayer A paid \$12,000 towards the cost of the property and Taxpayer B paid the remaining \$8,000. The amount to be allocated is \$16,670 ($\$1,667 \times 10$ (kilowatt capacity \times 2)). The amount of cost allocable to Taxpayer A is \$10,002 ($\$16,670 \times \$12,000/\$20,000$). The amount of cost allocable to Taxpayer B is \$6,668 ($\$16,670 \times \$8,000/\$20,000$).

Specific Instructions

Part I

Nonbusiness Energy Property Credit

Line 1

To qualify for the credit, any qualified energy efficiency improvements or residential energy property costs must have been for your main home located in the United States. See *Main home* on page 3. If you check the "No" box, you cannot take the nonbusiness energy property credit.

Lines 2a Through 2d

Note. Unless otherwise noted, any references to the International Energy Conservation Code (IECC) are treated as references to either the 2001 Supplement of the 2000 IECC or the 2004 Supplement of the 2003 IECC.



Do not include on lines 2a through 2d any amounts paid for the onsite preparation, assembly, or original installation of the components.

Line 2a. Enter the amounts you paid for any insulation material or system (including any vapor retarder or seal to limit infiltration) that is specifically and primarily designed to reduce the heat loss or gain of your home when installed in or on such home and may be taken into account in determining whether the building thermal envelope requirements established by the IECC are satisfied.

For property placed in service after February 17, 2009, the property must be specifically and primarily designed to reduce the heat loss or gain of your home when installed on or in such home and must also meet the prescriptive criteria established by the 2009 IECC as in effect (with supplements) on February 17, 2009. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.



A component is not specifically and primarily designed to reduce the heat loss or gain of your home if it provides structural support or a finished surface (such as drywall or siding) or its principal purpose is to serve any function unrelated to the reduction of heat loss or gain.

Line 2b. Enter the amounts you paid for exterior windows (including any storm windows installed with such exterior windows) and skylights that meet or exceed the prescriptive criteria established by the IECC for the climate zone in which these components were installed.

For property placed in service after February 17, 2009, in addition to meeting the prescriptive criteria for such component established by the IECC, the property must have a U-factor of 0.30 or less and a solar heat gain coefficient (SHGC) of 0.30 or less. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009. In addition, for exterior windows and skylights purchased before June 1, 2009, you can rely on the Energy Star label, rather than a manufacturer's certification if the property is installed in the region identified on the label.

Line 2c. Enter the amounts you paid for exterior doors that meet or exceed the criteria established by the IECC for the climate zone in which such doors were installed. Also, enter the amounts you paid for any storm door that, in combination with a wood door assigned a default U-factor by the IECC, does not exceed the default U-factor requirement assigned to such combination by the IECC.

For property placed in service after February 17, 2009, in addition to meeting the prescriptive criteria for such component established by the IECC, the property must have a U-factor of 0.30 or less and a SHGC of 0.30 or less. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

Line 2d. Enter the amounts you paid for a metal roof with the appropriate pigmented coatings or an asphalt roof with the appropriate cooling granules, that are specifically and primarily designed to reduce the heat gain of your home, and the roof meets or exceeds the Energy Star program requirements in effect at the time of purchase or installation.

Manufacturer's certification. For purposes of taking the credit, you can rely on a manufacturer's certification in writing that a building envelope component is an eligible building envelope component. Do not attach the certification to your return. Keep it for your records.

Lines 3a Through 3c



Also include on lines 3a through 3c any labor costs properly allocable to the onsite preparation, assembly, or original installation of the property.

Line 3a. Enter the amounts you paid for energy-efficient building property. Energy-efficient building property is any of the following.

- An electric heat pump water heater that yields an energy factor of at least 2.0 in the standard Department of Energy test procedure.
- An electric heat pump that has a heating seasonal performance factor (HSPF) of at least 9, a seasonal energy efficiency rating (SEER) of at least 15, and an energy efficiency rating (EER) of at least 13.

For property placed in service after February 17, 2009, the property must achieve the highest efficiency tier established by the Consortium for Energy Efficiency (CEE) as in effect on January 1, 2009. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

- A central air conditioner that achieves the highest efficiency tier that has been established by the CEE as in effect on January 1, 2006.

For property placed in service after February 17, 2009, the property must achieve the highest efficiency tier established by the CEE as in effect on January 1, 2009. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

- A natural gas, propane, or oil water heater that has an energy factor of at least 0.80 or a thermal efficiency of at least 90%.

For property placed in service after February 17, 2009, the property must have an energy factor of at least 0.82 or a thermal efficiency of at least 90%. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

- A stove that uses the burning of biomass fuel to heat your home or heat water for your home that has a thermal efficiency rating of at least 75% as measured by using a lower heating value. Biomass fuel is any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.

Line 3b. Enter the amounts you paid for a natural gas, propane, or oil furnace or hot water boiler that achieves an annual fuel utilization efficiency rate of at least 95.

For a natural gas, propane, or oil hot water boiler or oil furnace placed in service after February 17, 2009, the annual fuel utilization efficiency rate is reduced to 90.

Line 3c. Enter the amounts you paid for an advanced main air circulating fan used in a natural gas, propane, or oil furnace that has an annual electricity use of no more than 2% of the total annual energy use of the furnace (as determined in the standard Department of Energy test procedures).

Manufacturer's certification. For purposes of taking the credit, you can rely on a manufacturer's certification in writing that a product is qualified residential energy property. Do not attach the certification to your return. Keep it for your records.

Line 6

If the rules on page 3 for joint occupancy apply, cross out the preprinted \$1,500 on line 6 and enter on line 6 the smaller of:

1. The amount on line 4, or
2. \$1,500 multiplied by a fraction. The numerator is the amount on line 4. The denominator is the total amount from line 4 for all owners.

For more details, see *Joint occupancy* on page 3.

Part II

Residential Energy Efficient Property Credit



Also include on lines 12 through 15, and 18, any labor costs properly allocable to the onsite preparation, assembly, or original installation of the property and for piping or wiring to interconnect such property to the home.

Line 12

Enter the amounts you paid for qualified solar electric property. See *Qualified solar electric property costs* on page 4.

Line 13

Enter the amounts you paid for qualified solar water heating property. See *Qualified solar water heating property costs* on page 4.

Line 14

Enter the amounts you paid for qualified small wind energy property. See *Qualified small wind energy property costs* on page 4.

Line 15

Enter the amounts you paid for qualified geothermal heat pump property. See *Qualified geothermal heat pump property costs* on page 4.

Line 18

Enter the amounts you paid for qualified fuel cell property. See *Qualified fuel cell property costs* on page 4.

Line 25

If you are claiming the child tax credit for 2009, include on this line the amount from line 12 of the Line 11 Worksheet in Pub. 972.



If you are not claiming the child tax credit for 2009, you do not need Pub. 972.

Manufacturer's certification. For purposes of taking the credit, you can rely on the manufacturer's certification in writing that a product is qualifying property for the credit. Do not attach the certification to your return. Keep it for your records.

Line 28

If you cannot use all of the credit because of the tax liability limit (line 26 is less than line 23), you can carry the unused portion of the credit to 2010.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

3/19/10



Louisiana

Incentives/Policies for Renewables & Efficiency

Solar Energy System Exemption

Last DSIRE Review: 01/11/2010

Program Overview:

State:	Louisiana
Incentive Type:	Property Tax Incentive
Eligible Renewable/Other Technologies:	Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Photovoltaics, Solar Pool Heating
Applicable Sectors:	Residential
Amount:	100%
Maximum Incentive:	None
Authority 1:	La. R.S. 47:1706

Summary:

In Louisiana, any equipment attached to an owner-occupied residential building or swimming pool as part of a solar energy system is considered personal property that is exempt from ad valorem taxation. The value of a solar energy system will not be included in the assessment of such buildings or swimming pools.

A solar energy system is defined as "any device that uses the heat of the sun as its primary energy source and is used to heat or cool the interior of a structure or swimming pool, or to heat water for use within a structure or swimming pool." Solar energy systems include but are not limited to systems utilizing solar collectors, solar cells and passive roof ponds.

Contact:

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