

Senate Bill 832

Sponsored by Senator WESTLUND

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Increases maximum personal income tax credit available for cost of construction or installation of solar electric system.

Applies to tax credits for solar electric systems certified by State Department of Energy on or after January 1, 2008.

A BILL FOR AN ACT

1
2 Relating to tax credits for solar electric systems; creating new provisions; and amending ORS
3 316.116.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 316.116 is amended to read:

6 316.116. (1)(a) A resident individual shall be allowed a credit against the taxes otherwise due
7 under this chapter for costs paid or incurred for construction or installation of an alternative energy
8 device in a dwelling.

9 (b) A resident individual shall be allowed a credit against the taxes otherwise due under this
10 chapter for costs paid or incurred to modify or purchase an alternative fuel vehicle or related
11 equipment.

12 (c) A resident individual shall be allowed a credit against the taxes otherwise due under this
13 chapter for costs paid or incurred for construction or installation of a solar electric system in a
14 dwelling.

15 (2)(a) Except in the case of an alternative fuel device or a solar electric system, the credit shall
16 be based upon the first year energy yield of the alternative energy device that qualifies under ORS
17 469.160 to 469.180. The amount of the credit shall be the same whether for collective or noncollec-
18 tive investment.

19 (b) The credit allowed under this section for each dwelling shall not exceed the lesser of:

20 (A) \$1,500 or the first year energy yield in kilowatt hours per year multiplied by 60 cents per
21 dwelling utilizing the alternative energy device used for space heating, cooling, electrical energy or
22 domestic water heating for tax years beginning on or after January 1, 1990, and before January 1,
23 1996.

24 (B) \$1,200 or the first year energy yield in kilowatt hours per year multiplied by 48 cents per
25 dwelling utilizing the alternative energy device used for space heating, cooling, electrical energy or
26 domestic water heating for tax years beginning on or after January 1, 1996, and before January 1,
27 1998.

28 (C) \$1,500 or the first year energy yield in kilowatt hours per year multiplied by 60 cents per
29 dwelling utilizing the alternative energy device used for space heating, cooling, electrical energy or
30 domestic water heating for tax years beginning on or after January 1, 1998.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (c) For an alternative energy device used for swimming pool, spa or hot tub heating, the credit
2 allowed under this section shall be based upon 50 percent of the cost of the device or the first year's
3 energy yield in kilowatt hours per year multiplied by 15 cents, whichever is lower, up to:

4 (A) \$1,500 for tax years beginning on or after January 1, 1990, and before January 1, 1996.

5 (B) \$1,200 for tax years beginning on or after January 1, 1996, and before January 1, 1998.

6 (C) \$1,500 for tax years beginning on or after January 1, 1998.

7 (d) For an alternative fuel device, the credit allowed under this section is 25 percent of the cost
8 of the alternative fuel device but the total credit shall not exceed \$750 if the device is placed in
9 service on or after January 1, 1998.

10 (e)(A) For a solar electric system, the credit allowed under this section shall equal \$3 per watt
11 of installed output, but the installed output that is used to determine the amount of credit under this
12 paragraph may not exceed [2,000] **5,000** watts.

13 (B) Notwithstanding subparagraph (A) of this paragraph, the amount of the credit allowed in any
14 one tax year may not exceed the tax liability of the taxpayer or [~~\$1,500~~] **\$3,750**, whichever is less.
15 Unused credit amounts may be carried forward as provided in subsection (7) of this section, but may
16 not be carried forward to a tax year that is more than five tax years following the first tax year for
17 which any credit was allowed with respect to the solar electric system that is the basis for the
18 credit.

19 (C) Notwithstanding subparagraph (A) of this paragraph, the total amount of the credit allowed
20 under this paragraph may not exceed 50 percent of the total installed cost of the solar electric
21 system.

22 (3)(a) In the case of a credit for an alternative energy device that is an energy efficient appli-
23 ance, the credit allowed to a resident individual under this section shall equal:

24 (A) 48 cents per first year kilowatt hour saved, or the equivalent for other fuel saved, not to
25 exceed \$1,200 for each tax year beginning on or after January 1, 1998, and before January 1, 1999;
26 and

27 (B) 40 cents per kilowatt hour saved, or the equivalent for other fuel saved, not to exceed \$1,000
28 for each tax year beginning on or after January 1, 1999.

29 (b) Notwithstanding paragraph (a) of this subsection, the credit allowed for an energy efficient
30 appliance shall not exceed 25 percent of the cost of the appliance.

31 (4) To qualify for a credit under this section, all of the following are required:

32 (a) The alternative energy device or solar electric system must be purchased, constructed, in-
33 stalled and operated in accordance with ORS 469.160 to 469.180 and a certificate issued thereunder.

34 (b) Except for credits claimed for alternative fuel devices, the taxpayer who is allowed the credit
35 must be the owner or contract purchaser of the dwelling or dwellings served by the alternative en-
36 ergy device or solar electric system or the tenant of the owner or of the contract purchaser and
37 must:

38 (A) Use the dwelling or dwellings served by the alternative energy device or solar electric sys-
39 tem as a principal or secondary residence; or

40 (B) Rent or lease, under a residential rental agreement, the dwelling or dwellings to a tenant
41 who uses the dwelling or dwellings as a principal or secondary residence, unless the basis for the
42 credit is the installation of an energy efficient appliance. If the basis for the credit is the installation
43 of an energy efficient appliance, the credit shall be allowed only to the taxpayer who actually oc-
44 cupies the dwelling as a principal or secondary residence.

45 (c) In the case of an alternative fuel device, if the device is a fueling station necessary to op-

1 erate an alternative fuel vehicle, unless the verification form and certificate are transferred as au-
2 thorized under ORS 469.170 (8), the taxpayer who is allowed the credit must be the contractor who
3 constructs the dwelling that incorporates the fueling station into the dwelling or installs the fueling
4 station in the dwelling. If the alternative energy device is an alternative fuel vehicle, the credit must
5 be claimed by the owner as defined under ORS 801.375 or contract purchaser. If the alternative
6 energy device is related equipment, the credit may be claimed by the owner or contract purchaser.

7 (d) The credit must be claimed for the tax year in which the alternative energy device or solar
8 electric system was purchased if the device or system is operational by April 1 of the next following
9 tax year.

10 (5) The credit provided by this section does not affect the computation of basis under this
11 chapter.

12 (6) The credit allowed under this section in any one year may not exceed the tax liability of the
13 taxpayer.

14 (7) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
15 particular year may be carried forward and offset against the taxpayer's tax liability for the next
16 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
17 forward and used in the second succeeding tax year, and likewise any credit not used in that second
18 succeeding tax year may be carried forward and used in the third succeeding tax year, and any
19 credit not used in that third succeeding tax year may be carried forward and used in the fourth
20 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
21 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year
22 thereafter.

23 (8) A nonresident shall be allowed the credit under this section in the proportion provided in
24 ORS 316.117.

25 (9) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
26 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
27 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

28 (10) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
29 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
30 ORS 316.117.

31 (11) A husband and wife who file separate returns for a taxable year may each claim a share
32 of the tax credit that would have been allowed on a joint return in proportion to the contribution
33 of each. However, a husband or wife living in a separate principal residence may claim the tax
34 credit in the same amount as permitted a single person.

35 (12) As used in this section, unless the context requires otherwise:

36 (a) "Collective investment" means an investment by two or more taxpayers for the acquisition,
37 construction and installation of an alternative energy device for one or more dwellings.

38 (b) "First year energy yield" has the meaning given in ORS 469.160.

39 (c) "Noncollective investment" means an investment by an individual taxpayer for the acqui-
40 sition, construction and installation of an alternative energy device for one or more dwellings.

41 (13) As used in this section, "taxpayer" includes a transferee of a verification form under ORS
42 469.170 (8).

43 (14) Notwithstanding any provision of subsection (1) or (2) of this section, the sum of the credit
44 allowed under subsection (1) of this section plus any similar credit allowed for federal income tax
45 purposes shall not exceed the cost to the taxpayer for the acquisition, construction and installation

1 of the alternative energy device or solar electric system.

2 **SECTION 2. The amendments to ORS 316.116 by section 1 of this 2007 Act apply to tax**
3 **credits claimed for solar electric systems certified by the State Department of Energy on or**
4 **after January 1, 2008.**

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