

AN ACT relating to energy efficiency credits.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 141.436 is amended to read as follows:

- (1) (a) For taxable periods beginning after December 31, 2008, and beginning before January 1, ~~2023~~~~[2016]~~, there is hereby created a nonrefundable credit against the tax imposed under KRS 141.020 or 141.040, and KRS 141.0401, with the ordering of credits as provided in KRS 141.0205. The credit shall apply if one (1) or more of the items listed in paragraph (b) of this subsection is installed during the taxable year in a dwelling unit located in the Commonwealth that is owned by the taxpayer and used by the taxpayer as:
1. The taxpayer's principal place of residence; or
 2. A single-family or multifamily residential rental unit.
- (b) The tax credit shall equal thirty percent (30%) of the installed costs of:
1. Upgraded insulation, not to exceed one hundred dollars (\$100);
 2. Energy-efficient windows and storm doors, not to exceed two hundred fifty dollars (\$250); or
 3. Qualified energy property, not to exceed two hundred fifty dollars (\$250).
- (c) In no case shall the total credits provided under this subsection exceed five hundred dollars (\$500) per taxpayer.
- (2) (a) For taxable years beginning after December 31, 2008, and beginning before January 1, ~~2023~~~~[2016]~~, there is hereby created a nonrefundable credit against the tax imposed under KRS 141.020 or 141.040, and KRS 141.0401, with the ordering of credits as provided in KRS 141.0205, if one (1) or more of the items listed in paragraph (b) of this subsection is installed during the taxable year on a dwelling unit located in the Commonwealth, or on property located in the Commonwealth that is owned and used by the taxpayer as commercial

property.

- (b) The tax credit shall equal:
1. Thirty percent (30%) of the installed costs of:
 - a. An active solar space-heating system;
 - b. A passive solar space-heating system;
 - c. A combined active solar space-heating and water-heating system;
 - d. A solar water-heating system; and
 - e. A wind turbine or wind machine; or
 2. Three dollars (\$3) per watt direct current (DC) of rated capacity of a solar photovoltaic system.
- (c) In no case shall the total tax credits provided in this subsection exceed:
1. Five hundred dollars (\$500) per taxpayer if installed on a dwelling unit located in the Commonwealth that is owned by the taxpayer and used by the taxpayer as:
 - a. The taxpayer's principal place of residence; or
 - b. A single-family residential rental unit; or
 2. One thousand dollars (\$1,000) per taxpayer if installed on property located in the Commonwealth that is owned and used by the taxpayer as:
 - a. A multifamily residential rental unit; or
 - b. Commercial property;
- (3) (a) For taxable years beginning after December 31, 2008, and beginning before January 1, ~~2016~~2023, there is hereby created a nonrefundable credit against the tax imposed under KRS 141.020 or 141.040, and KRS 141.0401, with the ordering of credits as provided in KRS 141.0205, if one (1) or more of the following is installed during the taxable year on property located in the Commonwealth that is owned and used by the taxpayer as commercial property:

1. An energy-efficient interior lighting system; and
 2. An energy-efficient heating, cooling, ventilation, or hot water system.
- (b) The tax credit shall equal thirty percent (30%) of the installed costs of:
1. An energy-efficient interior lighting system, not to exceed five hundred dollars (\$500) per taxpayer; and
 2. An energy-efficient heating, cooling, ventilation, or hot water system, not to exceed five hundred dollars (\$500) per taxpayer.
- (c) In no case shall the total tax credits provided in this subsection exceed one thousand dollars (\$1,000) per taxpayer.
- (d) For purposes of the tax credit provided by this subsection, "commercial property" shall not include single-family or multifamily residential units.
- (4) The tax credits provided under this section shall apply in the tax year in which the installation is completed. If the credit cannot be taken in full in the year in which the installation is completed, the tax credit may be carried forward one (1) year.
- (5) The department may request copies of invoices, purchase receipts, installation contracts, proof of installer's NABCEP certification, and any other information that the department determines necessary to verify credits taken.
- (6) If the taxpayer has taken the ENERGY STAR home or the ENERGY STAR manufactured home tax credit provided under KRS 141.437, the tax credits provided under this section shall not apply.
- (7) The department shall establish, by administrative regulation, the guidelines and technical requirements for items that are eligible for the tax credits provided under subsection (2) of this section, including but not limited to requirements for capacity, siting, plumbing, collector mountings, and pressurization. The department shall enlist the assistance, cooperation, and recommendations of the Department for Energy Development and Independence and the Kentucky Pollution Prevention Center at the University of Louisville in determining those guidelines and technical

requirements and may enlist their assistance in evaluating the eligibility of credits taken under this section.

- (8) On or before December 1, 2010, and on or before every December 1 thereafter, the department shall report to the Legislative Research Commission the total number and gross amount of each type of tax credit claimed on returns processed during the fiscal year ending prior to the December reporting date.

➔Section 2. KRS 141.437 is amended to read as follows:

- (1) As used in this section:
- (a) "ENERGY STAR home" means any single-family residence that qualifies for and receives the ENERGY STAR label under the ENERGY STAR Program administered by the United States Environmental Protection Agency; and
 - (b) "ENERGY STAR manufactured home" means a manufactured home as defined in KRS 100.348 that meets the ENERGY STAR label under the ENERGY STAR Program administered by the United States Environmental Protection Agency.
- (2) For taxable years beginning after December 31, 2008, and before January 1, 2023~~[2016]~~, there is hereby created a nonrefundable credit against the tax imposed by KRS 141.040, and KRS 141.0401, with the ordering of credits as provided in KRS 141.0205 if a taxpayer:
- (a) Builds a new ENERGY STAR home located in the Commonwealth for use as a principal place of residence; or
 - (b) Sells a new ENERGY STAR manufactured home to a buyer who uses that home as a principal place of residence in the Commonwealth.
- (3) The tax credit shall equal:
- (a) Eight hundred dollars (\$800) if the taxpayer builds an ENERGY STAR home; or
 - (b) Four hundred dollars (\$400) if the taxpayer sells an ENERGY STAR

manufactured home.

- (4) The tax credit provided under this section shall apply in the tax year in which the taxpayer completes construction of the ENERGY STAR home or sells the ENERGY STAR manufactured home.
- (5) The tax credit provided in this section shall not apply if:
 - (a) The tax credit has been previously taken by another taxpayer on the same ENERGY STAR home or ENERGY STAR manufactured home; or
 - (b) The taxpayer has taken the energy efficiency tax credits provided in KRS 141.436.
- (6) The department may request verification of the ENERGY STAR label placed on the home, documentation that the buyer is using the home as a principal place of residence, and any other information that the department determines is necessary to verify the tax credits taken.
- (7) On or before December 1, 2010, and on or before every December 1 thereafter, the department shall report to the Legislative Research Commission the total number and gross amount of each type of credit claimed on returns processed during the fiscal year ending prior to the December reporting period.