

1 HB190
2 146826-1
3 By Representative Wren
4 RFD: Ways and Means Education
5 First Read: 07-FEB-13

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8 SYNOPSIS: This bill would establish income tax credits
9 for the installation of energy efficiency equipment
10 in residences or commercial property up to a
11 maximum of \$500 for residences and \$1,000 for
12 commercial property for an individual taxpayer.

13
14 A BILL
15 TO BE ENTITLED
16 AN ACT

17
18 To establish income tax credits for the installation
19 of certain energy efficiency equipment in residences or
20 commercial property up to a maximum of \$500 for residences and
21 \$1,000 for commercial property for an individual taxpayer.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. This act shall be known as the Alabama
24 Energy Efficiency Act.

25 Section 2. Legislative Findings. The Legislature
26 finds that the installation of energy efficiency equipment in

1 a primary residence or existing commercial property is
2 recommended for the following reasons:

3 (1) To stimulate the use of efficient energy
4 technology and help to create sales tax revenues with the
5 investment in energy efficient technology in Alabama.

6 (2) To reduce air and water pollution from energy
7 production and consumption that is affecting the health of the
8 residents of Alabama.

9 (3) To moderate future electric demand.

10 (4) To assure the reliability of the electric grid
11 and an adequate supply of natural gas and other primary energy
12 sources.

13 (5) To control energy expenditures of residencies
14 and commercial property in Alabama.

15 (6) To moderate the emission of gases that
16 contribute to global warming.

17 Section 3. The following definitions shall apply to
18 this act.

19 (1) "Active solar space-heating system" means a
20 system that:

21 a. Consists of solar energy collectors that gather
22 and absorb solar radiation combined with fans or pumps and
23 associated ducts and pipes to transfer and distribute that
24 collected energy.

25 b. May include energy storage systems to provide
26 heat when the sun is not shining.

27 c. Is installed by a certified installer.

1 (2) "Certified Installer" means one who has been
2 certified by the North American Board of Certified Energy
3 Practitioners (NABCEP) as a Certified Solar PV Installer or a
4 NABCEP Certified Solar Thermal Installer or certified as a
5 solar installer by the manufacturer of the SRCC certified
6 systems or collectors being installed.

7 (3) "Passive Solar Space-Heating System" means a
8 system that:

9 a. Takes advantage of the warmth of the sun through
10 the use of design features such as large south-facing windows
11 and materials in the floors and walls that absorb warmth
12 during the day and release that warmth at night.

13 b. Includes one or more of the following designs:

14 1. Direct gain which stores and slowly releases
15 thermal energy collected from the sun shining directly into a
16 building warming materials such as tile or concrete.

17 2. Indirect gain using materials that are located
18 between the sun and the living space such as a wall to store
19 and release thermal energy.

20 3. Or isolated gain which collects warmer air from a
21 remote area such as a sun room attached to a house and the
22 warmer air flows naturally to the rest of the house.

23 (4) "Solar Water-Heating System" means a system
24 that:

25 a. Gathers and absorbs solar radiation to heat
26 water.

1 b. Is an indirect pressurized glycol system using
2 propylene glycol or is an indirect drain-back system.

3 c. Uses solar thermal collectors that are certified
4 by the Solar Rating and Certification Corporation and covered
5 by manufacturer's warranty for not less than five (5) years.

6 d. Is installed by a certified installer and
7 warranted by the installer for not less than two (2) years.

8 (5) "Qualified Energy Property" means the following
9 property that meets the performance, quality, and
10 certification standards to be eligible for the federal tax
11 credit for residential energy property expenditures under 26
12 U.S.C. sec 25C, as it existed on December 31, 2007:

13 a. An electric heat-pump water heater.

14 b. An electric heat pump.

15 c. A geothermal heat pump.

16 d. A natural gas propane or oil furnace or hot water
17 heater.

18 e. A central air conditioner.

19 (6) "Energy Efficient Windows and Storm Doors" means
20 windows and storm doors that are ENERGY STAR labeled.

21 (7) "Insulation Upgrades" means insulation with the
22 following R-value ratings: attic R-38 or higher; exterior wall
23 and crawl space R-13 or higher; and floor R-19 or higher.

24 (8) "Energy Efficient Lighting" means an interior
25 lighting system that meets the reduction in lighting power
26 density requirements for the federal energy efficiency

1 commercial building deduction under 26 U.S.C. sec 179D as in
2 effect December 31, 2007.

3 (9) "Energy Efficient Heating, Cooling, Ventilation,
4 or Hot Water system" means a system that meets the
5 requirements for the federal energy-efficient commercial
6 building deduction under 26 U.S.C. sec 179D as in effect
7 December 31, 2007.

8 (10) "Installed Cost" means the following less any
9 discounts, rebates, sales tax, installation-assistant credits,
10 name referral allowances, or similar reduction:

11 a. The purchase cost of equipment, components, and
12 associated design.

13 b. Labor costs properly allocable to the on-site
14 preparation, assembly, and original installation of the
15 property, including piping and wiring to interconnect such
16 property to the residence or commercial property.

17 Section 4. For the taxable periods beginning after
18 December 31, 2008, and before January 1, 2016, there is hereby
19 created a nonrefundable credit against Alabama income tax. The
20 credit shall apply if one (1) or more of the items listed
21 below is installed during the tax year in the primary
22 residence of the taxpayer in the state of Alabama.

23 (1) Income tax credits of 30% of the actual
24 installed cost up to \$500 for installation of the following in
25 a new or existing dwelling that is the primary residence of
26 the taxpayer.

27 a. Active solar space-heating system.

1 b. Passive solar space-heating system.

2 c. Solar water-heating system.

3 (2) Income tax credits of 30% of the actual
4 installed cost up to \$500 for installation of "qualified
5 energy property" in an existing dwelling that is the primary
6 residence of the taxpayer.

7 a. An electric heat pump water heater.

8 b. An electric heat pump.

9 c. A geothermal heat pump.

10 d. A natural gas, propane or oil furnace or water
11 heater.

12 e. A central air conditioner.

13 (3) Income tax credits of 30% of the actual
14 installed cost up to \$500 for insulation upgrades to an
15 existing dwelling that is the primary residence of the
16 taxpayer

17 (4) Income tax credits of 30% of the actual
18 installed cost up to \$500 for the installation of energy
19 efficient lighting systems, programmable thermostats, and/or
20 technology that reduces "reserve power or standby power" with
21 demand response technology in an existing primary residence of
22 the taxpayer.

23 (5) The limit of the total credit per taxpayer for a
24 primary residence is \$500.

25 Section 5. For the taxable periods beginning after
26 December 31, 2008, and before January 1, 2016, there is hereby
27 created a nonrefundable credit against Alabama income tax. The

1 credit shall apply if one (1) or more of the items listed
2 below is installed during the tax year in property located in
3 the state of Alabama that is owned and/or used by the taxpayer
4 as part of an existing commercial property:

5 (1) Income tax credit of 30% of the actual installed
6 cost up to \$1,000 for the installation of energy efficient
7 lighting systems in an existing commercial building.

8 (2) Income tax credit of 30% of the actual installed
9 cost up to \$1,000 for the installation of an energy efficient
10 heating, cooling, ventilation, or hot water heater in an
11 existing commercial building.

12 (3) Income tax credits of 30% of the actual
13 installed cost up to \$1,000 for the installation of energy
14 efficient lighting systems, programmable thermostats, or a
15 solar water-heating system, and/or technology that reduces
16 "reserve power or standby power" with demand response
17 technology in an existing commercial property to include
18 existing taxpayer businesses within the existing commercial
19 property.

20 (4) The limit of the total credit per taxpayer for
21 commercial property is \$1,000.

22 Section 6. All laws or parts of laws which conflict
23 with this act are repealed.

24 Section 7. This act shall become effective on the
25 first day of the third month following its passage and
26 approval by the Governor, or its otherwise becoming law.