

By Mr. Brownell of Quincy, petition of Thomas F. Brownell, Joseph K. Mackey and Paul D. Harold relative to tax credits for renewable energy systems. Taxation.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT RELATIVE TO TAX CREDITS FOR RENEWABLE ENERGY SYSTEMS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 6 of Chapter 62 of the General Laws, as  
2 most recently amended by Chapter 518 of the Acts of 1983, is  
3 hereby amended by striking out the first paragraph of Subsection  
4 (d) and inserting in place thereof the following two paragraphs:

5 “(d) an owner or tenant of residential property located in the  
6 commonwealth who is not a dependent of another taxpayer and  
7 who occupies said property as his principal residence, shall be  
8 allowed a credit equal to forty-five per cent of the net expenditure  
9 years of the net expenditure for a renewable energy source property  
10 or two thousand dollars, whichever is less, provided that in the case  
11 of a newly constructed residence the credit shall be available to the  
12 original owner/occupant.

13 Any taxpayer entitled to this credit for any taxable year, the  
14 amount of which exceeds his total due for the then current taxable  
15 year, may carry over the excess amount, as reduced from year to  
16 year, and apply it to his tax liability for any one or more of the next  
17 succeeding three taxable years provided, however that in no taxable  
18 year may the amount of the credit allowed exceed the total tax due  
19 of the taxpayer for the relevant taxable year. Joint owners of a  
20 residential property shall share the credit available to the property  
21 under this subsection in the same proportion as their ownership  
22 interest.

1 SECTION 2. Section 6 of Chapter 62 of the General Laws, is  
2 further amended by striking out the first paragraph and inserting in  
3 place thereof the following paragraph: —

4 “(d) an owner or tenant of residential property located in the  
5 commonwealth who is not a dependent of another taxpayer and  
6 who occupies said property as his principal residence, shall be  
7 allowed a credit equal to forty-five per cent of the net expenditure  
8 for a renewable energy source property or two thousand dollars,  
9 whichever is less, provided that in the case of a newly constructed  
10 residence the credit shall be available to the original owner/occu-  
11 pant.

1 SECTION 3. Chapter 63 of the General Laws is hereby amended  
2 by adding the following section: —

3 A corporation shall be allowed a credit equal to fifteen per cent of  
4 the net expenditures paid or incurred during the taxable year with  
5 respect to the installation of any climatic control unit, water heating  
6 unit, electric generating or system, or any other type unit or system  
7 powered by a renewable energy source, including the cost of instal-  
8 lation thereof and the conversion of any climatic control unit or any  
9 water heating units, or other unit to a renewable energy source,  
10 provided however, that such unit or system has a situs in the  
11 commonwealth and is used in the trade or business of such corpora-  
12 tion. For the purpose of this section, “renewable energy source”  
13 shall include: solar energy; wind energy; geothermal energy, includ-  
14 ing earth-coupled or ground-water coupled heat pumps; wood;  
15 biomass; or any combination thereof.

16 A corporation which leases a facility described under this section  
17 may claim the credit for said facility, provided it can confirm, if  
18 necessary, by a written document from the lessor that the lessor  
19 irrevocably elects not to claim the credit.

20 A corporation entitled to a credit for any taxable year may carry  
21 over and apply to its excise for any one or more of the next  
22 succeeding three taxable years, the portion, as reduced from year to  
23 year, of its credit which exceeds its excise for the taxable year.

1 SECTION 4. Chapter 62 of the General Laws is hereby amended  
2 by adding after subsection (d) in Section 6 the following new  
3 subsection: —

4 (e) any taxpayer subject to taxation under this chapter may  
5 claim the credit for renewable energy source units pursuant to  
6 Section 38H of said chapter, provided, however, that individuals  
7 claiming said credit as members of a partnership shall do so pursu-  
8 ant to the provisions of section seventeen of this chapter. Any  
9 taxpayer entitled to said credit for any taxable year, the amount of  
10 which exceeds his total tax due for the then current taxable year,  
11 may carry over the excess amount, as reduced from year to year,  
12 and apply it to his tax liability for any one or more of the next  
13 succeeding three taxable years; provided however, that in no taxa-  
14 ble year may the amount of the credit allowed exceed the total tax  
15 due of the taxpayer for relevant taxable year.

1 SECTION 5. The Executive Office Energy Resources on an  
2 annual basis shall survey the appropriate manufacturers, whole-  
3 salers, or retailers of renewable energy source property and with  
4 estimates of revenue loss provided by the Department of Revenue,  
5 present a report to the Committees on Taxation and Energy regard-  
6 ing the benefits and costs of the tax credit in terms of the quantity of  
7 petroleum and natural gas displaced, jobs created, and sales made.

1 SECTION 6. Section thirty-eight H of Chapter sixty-three of  
2 the General Laws is hereby repealed.

1 SECTION 7. Section one of this act shall take effect as of  
2 January first, nineteen hundred and eighty-seven, and shall  
3 become inoperative on December thirty-first, nineteen hundred  
4 and ninety. Section two of this act shall take effect on January first,  
5 nineteen hundred and ninety-one. Sections three, four, five, and six  
6 of this act shall take effect on January first, nineteen hundred and  
7 eighty-seven.

