

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1999**

**H**

**1**

HOUSE BILL 1473

Short Title: Renewable Energy Mfr Credit.

(Public)

---

Sponsors: Representatives Hackney and Luebke (Primary Sponsors).

---

Referred to: Finance.

---

May 13, 1999

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE INCOME TAX CREDIT FOR MANUFACTURERS OF  
3       CERTAIN RENEWABLE ENERGY EQUIPMENT.

Whereas, renewable energy is North Carolina's only indigenous energy source; and  
Whereas, currently, thirty cents of every dollar spent on electricity in North Carolina goes  
out-of-state for fuel costs and every dollar spent on renewable energy circulates through  
our economy, helping to create over three dollars in local benefits; and

Whereas, many of North Carolina's large metropolitan areas, because of air pollution, are  
currently, or will soon be, facing development growth restrictions imposed by the United  
States Environmental Protection Agency for "nonattainment" of minimal air quality  
standards; and

Whereas, North Carolina currently ranks twelfth in the United States in carbon dioxide  
emissions, releasing 126.5 million tons into the atmosphere each year; and

Whereas, coal burning is creating increasingly negative health and environmental impacts  
through the release of sulfur dioxides, nitrous oxides, particulates, ozone, mercury, and  
lead; and

Whereas, renewable energy creates more jobs per unit of energy than fossil fuels or  
nuclear power; and

Whereas, a 1998 poll conducted by the University of North Carolina School of Journalism indicates that, by three-to-one, North Carolinians want electricity providers to implement solar energy options, even if they cost more; and

Whereas, renewable energy is, in the long term, the only energy option that can ensure sustainable development; and

Whereas, tax incentives can help stimulate the demand for environmentally sound, renewable energy options, help grow the solar industry in our State, produce a stronger local economy, and allow North Carolina to continue to grow, but in a sustainable manner; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-130.28 reads as rewritten:

**"§ 105-130.28. Credit against corporate income tax for construction of a photovoltaic renewable energy equipment facility.**

(a) ~~Any Credit.~~ – A corporation that constructs in North Carolina a facility for the ~~production of photovoltaic manufacture of renewable energy equipment~~ is allowed a credit against the tax imposed by this Part equal to twenty-five percent (25%) of the installation and equipment costs of construction paid during the taxable year. The entire credit may not be taken for the taxable year in which the costs are paid but must be taken in five equal installments beginning with the taxable year in which the costs are paid.

No credit is allowed, however, to the extent that any of the costs of the equipment were provided by federal, State, or local grants. To secure the credit allowed by this section, the taxpayer must own or control the facility at the time of construction. ~~The credit allowed by this section may not exceed the amount of the tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except payments of tax made by or on behalf of the taxpayer.~~

(b) ~~As used in this section, "photovoltaic equipment" means those products designed, manufactured, and produced to convert sunlight directly into electricity.~~  
Definitions. – The following definitions apply in this section:

(1) Biomass equipment. – Products designed to use renewable biomass resources for biofuel production of ethanol, methanol, and biodiesel; anaerobic biogas production of methane utilizing agricultural and animal waste or garbage; or commercial thermal or electrical generation from renewable energy crops or wood waste materials. The term also includes related devices for converting, conditioning, and storing the liquid fuels, gas, and electricity produced with biomass equipment.

(2) Renewable biomass resources. – Organic matter produced by terrestrial and aquatic plants and animals, such as standing vegetation, aquatic crops, forestry and agricultural residues, landfill wastes, and animal wastes.

(3) Renewable energy equipment. – Biomass equipment, solar electric or thermal equipment, and wind energy equipment.

(4) Solar electric or thermal equipment. – Products designed to convert sunlight into electricity or heat.

- 1           (5) Wind energy equipment. – Products designed to capture and convert  
2           wind energy into electricity or mechanical power.
- 3           (c) Carryforward. – The credit allowed by this section may not exceed the amount  
4 of the tax imposed by this Part for the taxable year reduced by the sum of all credits  
5 allowable, except payments of tax made by or on behalf of the taxpayer. Any unused  
6 portion of the credit may be carried forward for the succeeding 10 years. The amount of  
7 credit allowed under this section may be carried over for the next succeeding five years.
- 8           (d) No Double Credit. – A taxpayer that claims any other credit allowed under this  
9 Chapter with respect to construction of a facility for the manufacture of renewable energy  
10 equipment may not take the credit allowed in this section with respect to the same  
11 facility."
- 12           Section 2. This act is effective for taxable years beginning on or after January  
13 1, 2000.