

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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SENATE BILL 305

Short Title: Incentives for Energy Conservation. (Public)

Sponsors: Senators Clodfelter; Atwater, Graham, Kinnaird, Queen, Shaw, and Stein.

Referred to: Commerce.

February 25, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE INCENTIVES FOR HIGH-PERFORMANCE HOMES AND
3 RENEWABLE ENERGY, TO REQUIRE REPORTING ON ENERGY USAGE BY
4 PUBLIC SCHOOLS AND STATE INSTITUTIONS OF HIGHER LEARNING, AND TO
5 ADD THE DESIGN PRINCIPLES OF THE NC HEALTHYBUILT HOMES PROGRAM
6 TO THE CERTIFICATION OR RATING SYSTEMS THAT MAY QUALIFY FOR
7 BUILDING PERMIT FEE REDUCTIONS OR PARTIAL REBATES ALLOWED BY
8 COUNTIES AND CITIES IN ORDER TO ENCOURAGE CONSTRUCTION OF
9 BUILDINGS USING SUSTAINABLE DESIGN TO ACHIEVE ENERGY EFFICIENCY.

10 The General Assembly of North Carolina enacts:

11 **PART I: RENEWABLE ENERGY PROPERTY**

12 **SECTION 1.1.** G.S. 105-129.15(7) is amended by adding two new subdivisions to
13 read:

14 "The following definitions apply in this Article:

15 ...

16 (7) Renewable energy property. – Any of the following machinery and
17 equipment or real property:

18 ...

19 a1. Geothermal equipment that uses the internal heat of the earth as a
20 substitute for traditional energy for water heating or active space
21 heating and cooling.

22 ...

23 b1. Fuel cell equipment that uses an electrochemical process to convert
24 renewable-energy-generated hydrogen to electricity."

25 **SECTION 1.2.** G.S. 105-129.16A(e) reads as rewritten:

26 "(e) Sunset. – This section is repealed effective for renewable energy property placed
27 into service on or after January 1, ~~2011~~2016."

28 **SECTION 1.3.** G.S. 105-129.16A(c)(1) reads as rewritten:

29 "(c) Ceilings. – The credit allowed by this section may not exceed the applicable ceilings
30 provided in this subsection.

31 (1) Nonresidential Property. – A ceiling of two million five hundred thousand
32 dollars (\$2,500,000) per installation applies to renewable energy property
33 placed in service ~~for any purpose other than residential.~~ by a business entity
34 in furtherance of a commercial enterprise.

35"

36 **PART II: RENEWABLE ENERGY EQUIPMENT FACILITY CONSTRUCTION**

37 **SECTION 2.** G.S. 105-130.28 is reenacted and reads as rewritten:



1 "**§ 105-130.28. Credit against corporate income tax for construction of a renewable**
2 **energy equipment facility.**

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

9 No credit is allowed, however, to the extent that any of the costs of the ~~equipment~~ property
10 were provided by federal, State, or local grants. To secure the credit allowed by this section, the
11 taxpayer must own or control the facility at the time of construction.

12 (b) Definitions. – ~~The following definitions provided in G.S. 105-129.15 apply in this~~
13 ~~section:~~ section.

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

21 (2) ~~Hydroelectric generator. — Defined in G.S. 105-129.15.~~

22 (3) ~~Renewable biomass resources. — Defined in G.S. 105-129.15.~~

23 (4) ~~Renewable energy equipment. — Biomass equipment, hydroelectric~~
24 ~~generators, solar electric or thermal equipment, and wind energy equipment.~~

25 (5) ~~Solar electric or thermal equipment. — Products designed to convert sunlight~~
26 ~~into electricity or heat.~~

27 (6) ~~Wind energy equipment. — Products designed to capture and convert wind~~
28 ~~energy into electricity or mechanical power.~~

29 (c) Cap. – The credit allowed by this section may not exceed fifty percent (50%) of the
30 amount of the tax imposed by this Part for the taxable year reduced by the sum of all credits
31 allowable, except payments of tax made by or on behalf of the taxpayer. This limitation applies
32 to the cumulative amount of the credit, including carryforwards, claimed by the taxpayer under
33 this section for the taxable year. Any unused portion of the credit may be carried forward for
34 the succeeding 10 years.

35 (d) No Double Credit. – A taxpayer that claims any other credit allowed under this
36 Chapter with respect to construction of a facility for the manufacture of renewable energy
37 ~~equipment~~ property may not take the credit allowed in this section with respect to the same
38 facility."

39 **PART III: HIGH-PERFORMANCE HOMES**

40 **SECTION 3.1.** Part 1 of Article 4 of Chapter 105 of the General Statutes is
41 amended by adding a new section to read:

42 "**§ 105-130.49. Construction or improvement of high-performance home.**

43 (a) Definitions. – The following definitions apply in this section:

44 (1) High-performance home. – A single-family or multifamily home that is a
45 federally qualified high-performance home or a State-certified
46 high-performance home.

47 (2) Federally qualified high-performance home. – A residence qualified under
48 the ENERGY STAR Program administered by the United States
49 Environmental Protection Agency.

50 (3) State-certified high-performance home. – A residence certified under the NC
51 HealthyBuilt Homes Program administered by the North Carolina Solar

1 Center, the State Energy Office, and the North Carolina Department of
2 Administration.

3 (b) Credit. – A taxpayer that builds or manufactures a high-performance home is
4 allowed a credit against the taxes imposed by this Part. In order to claim a credit under this
5 section, the taxpayer must include with the tax return documentation that the property with
6 respect to which a credit is claimed is a high-performance home. A taxpayer may claim only
7 one of the credits allowed under this section with respect to a single home. The amount of the
8 credit is as follows:

9 (1) For a taxpayer that builds or manufactures a new federally qualified
10 high-performance home, the credit is one thousand dollars (\$1,000).

11 (2) For a taxpayer that builds or manufactures a new State-certified
12 high-performance home, the credit is three thousand dollars (\$3,000).

13 (c) Nonprofit Organizations. – A taxpayer that purchases a high-performance home
14 built or manufactured by a nonprofit organization organized under section 501(c)(3) of the
15 Code is allowed a credit under this section. The amount of credit allowed is equal to the credit
16 that the nonprofit organization would be allowed under this section if the nonprofit
17 organization was subject to tax.

18 (d) Cap. – The credit allowed under this section may not exceed the amount of tax
19 imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax
20 payments made by or on behalf of the taxpayer. Any unused portion of a credit under this
21 section may be carried forward for the succeeding five years.

22 (e) Sunset. – This section is repealed effective for taxable years beginning on or after
23 January 1, 2012."

24 **SECTION 3.2.** Part 2 of Article 4 of Chapter 105 of the General Statutes is
25 amended by adding a new section to read:

26 **"§ 105-151.33. Construction or improvement of high-performance home.**

27 (a) Definitions. – The following definitions apply in this section:

28 (1) High-performance home. – A single-family or multifamily home that is a
29 federally qualified high-performance home or a State-certified
30 high-performance home.

31 (2) Federally qualified high-performance home. – A residence qualified under
32 the ENERGY STAR Program administered by the United States
33 Environmental Protection Agency.

34 (3) State-certified high-performance home. – A residence certified under the NC
35 HealthyBuilt Homes Program administered by the North Carolina Solar
36 Center, the State Energy Office, and the North Carolina Department of
37 Administration.

38 (b) Credit. – A taxpayer that builds or manufactures a high-performance home is
39 allowed a credit against the taxes imposed by this Part. In order to claim a credit under this
40 section, the taxpayer must include with the tax return documentation that the property with
41 respect to which a credit is claimed is a high-performance home. A taxpayer may claim only
42 one of the credits allowed under this section with respect to a single home. The amount of the
43 credit is as follows:

44 (1) For a taxpayer that builds or manufactures a new federally qualified
45 high-performance home, the credit is one thousand dollars (\$1,000).

46 (2) For a taxpayer that builds or manufactures a new State-certified
47 high-performance home, the credit is three thousand dollars (\$3,000).

48 (c) Nonprofit Organizations. – A taxpayer that purchases a high-performance home
49 built or manufactured by a nonprofit organization organized under section 501(c)(3) of the
50 Code is allowed a credit under this section. The amount of credit allowed is equal to the credit

1 that the nonprofit organization would be allowed under this section if the nonprofit
2 organization was subject to tax.

3 (d) Cap. – The credit allowed under this section may not exceed the amount of tax
4 imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax
5 payments made by or on behalf of the taxpayer. Any unused portion of a credit under this
6 section may be carried forward for the succeeding five years.

7 (e) Sunset. – This section is repealed effective for taxable years beginning on or after
8 January 1, 2012."

9 **PART IV: REQUIRE PUBLIC SCHOOLS AND UNIVERSITIES TO PROVIDE**
10 **REPORTS TO THE STATE ENERGY OFFICE**

11 **SECTION 4.** G.S. 143-64.12(a) reads as rewritten:

12 "(a) The Department of Administration through the State Energy Office shall develop a
13 comprehensive program to manage energy, water, and other utility use for State agencies and
14 State institutions of higher learning and shall update this program annually. Each State agency
15 and State institution of higher learning shall develop and implement a management plan that is
16 consistent with the State's comprehensive program under this subsection to manage energy,
17 water, and other utility use. The energy consumption per gross square foot for all State
18 buildings in total shall be reduced by twenty percent (20%) by 2010 and thirty percent (30%)
19 by 2015 based on energy consumption for the 2002-2003 fiscal year. Each State agency and
20 State institution of higher learning shall update its management plan annually and include
21 strategies for supporting the energy consumption reduction requirements under this subsection.
22 Each community-collegelocal school administrative unit for each public school and each State
23 institution of higher learning shall submit to the State Energy Office an annual written report of
24 utility consumption and costs."

25 **PART V: NC HEALTHYBUILT HOMES INCENTIVE**

26 **SECTION 5.1.** G.S. 153A-340(i) is amended by adding a new subdivision to read:

27 "(i) In order to encourage construction that uses sustainable design principles and to
28 improve energy efficiency in buildings, a county may charge reduced building permit fees or
29 provide partial rebates of building permit fees for buildings that are constructed or renovated
30 using design principles that conform to or exceed one or more of the following certifications or
31 ratings:

- 32 (1) Leadership in Energy and Environmental Design (LEED) certification or
33 higher rating under certification standards adopted by the U.S. Green
34 Building Council.
- 35 (2) A One Globe or higher rating under the Green Globes program standards
36 adopted by the Green Building Initiative.
- 37 (3) A certification or rating by another nationally recognized certification or
38 rating system that is equivalent or greater than those listed in subdivisions
39 (1) and (2) of this subsection.
- 40 (4) NC HealthyBuilt Homes certification as verified by the North Carolina Solar
41 Center at North Carolina State University."

42 **SECTION 5.2.** G.S. 160A-381(f) is amended by adding a new subdivision to read:

43 "(f) In order to encourage construction that uses sustainable design principles and to
44 improve energy efficiency in buildings, a city may charge reduced building permit fees or
45 provide partial rebates of building permit fees for buildings that are constructed or renovated
46 using design principles that conform to or exceed one or more of the following certifications or
47 ratings:

- 48 (1) Leadership in Energy and Environmental Design (LEED) certification or
49 higher rating under certification standards adopted by the U.S. Green
50 Building Council.

- 1 (2) A One Globe or higher rating under the Green Globes program standards
2 adopted by the Green Building Initiative.
- 3 (3) A certification or rating by another nationally recognized certification or
4 rating system that is equivalent or greater than those listed in subdivisions
5 (1) and (2) of this subsection.
- 6 (4) NC HealthyBuilt Homes certification as verified by the North Carolina Solar
7 Center at North Carolina State University."

8 **PART VI: EFFECTIVE DATE**

9 **SECTION 6.** Parts I and II of this act are effective for taxable years beginning on
10 or after January 1, 2009. Part III of this act is effective for taxable years beginning on or after
11 January 1, 2009, and applies to homes that receive the qualification or certification on or after
12 that date. Part IV of this act becomes effective August 1, 2009, and applies to reports required
13 on or after that date. The remainder of this act is effective when it becomes law.