

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1045
Finance Committee Substitute Adopted 6/23/93
Third Edition Engrossed 7/22/93
House Committee Substitute Favorable 6/15/94

Short Title: Photovoltaic Equipment Tax Credit.

(Public)

Sponsors:

Referred to: Ways and Means.

May 5, 1993

A BILL TO BE ENTITLED

1 AN ACT TO BROADEN EXISTING INCOME TAX CREDITS FOR THE
2 PRODUCTION AND INSTALLATION OF SOLAR AND PHOTOVOLTAIC
3 EQUIPMENT BY INCREASING THE AMOUNTS OF THE CREDITS AND
4 EXTENDING THE SOLAR EQUIPMENT CREDITS TO INCLUDE
5 EQUIPMENT THAT GENERATES ELECTRICITY.
6

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 105-130.23 reads as rewritten:

9 **"§ 105-130.23. Credit against corporate income tax for solar ~~hot water, heating and~~
10 ~~cooling, energy equipment in residential buildings.~~**

11 (a) Any corporation ~~which that~~ causes to be constructed or installed solar ~~hot~~
12 ~~water, heating or cooling equipment in buildings to include energy equipment for water~~
13 ~~heating, space heating or cooling, or electricity in~~ residential buildings used or sold by
14 the corporation for commercial or business purposes in North Carolina ~~shall be is~~
15 allowed as a credit against the taxes imposed by this ~~Division, an amount~~ Division equal
16 to ~~twenty-five percent (25%) forty percent (40%)~~ of the installation and equipment cost of
17 the solar ~~hot water, heating or cooling equipment; provided, that energy equipment.~~ A
18 credit allowed under this section shall not exceed one thousand five hundred dollars
19 ~~(\$1,000) (\$1,500)~~ per system or per year for any single building or each family dwelling
20 unit of a multi-dwelling building ~~which that~~ is individually metered for electric power or
21 natural gas or ~~with has a separate furnace for oil heat paid for by the occupant, provided~~

1 ~~further, that to~~ occupant. To obtain the credit the taxpayer must own or control the use of
2 the building at the time of the installation, except that in the case of a building
3 constructed or modified for sale in which ~~a solar system~~ energy equipment is constructed
4 or installed, the credit ~~shall be~~ is allowed to the owner who first occupies the building
5 for use after the construction or installation of the ~~system~~ equipment or the owner-lessor
6 who first leases the building for use after the construction or installation of the ~~system~~;
7 ~~provided, further, that the~~ equipment. The credit shall not be allowed to the extent that
8 any of the cost of the ~~system~~ equipment was provided by federal, State, or local ~~grants~~;
9 ~~and provided further, that if~~ grants. If the credit allowed by this section exceeds the taxes
10 imposed by this Division reduced by all other credits ~~allowed by the provisions of this~~
11 ~~Division, such excess~~ allowed, except payments of tax made by or on behalf of the
12 taxpayer, the excess shall be allowed against the taxes imposed by this Division for the
13 next ~~three~~ five succeeding years.

14 (b) For the purpose of this section, the term 'solar ~~hot water, heating and cooling~~
15 ~~equipment~~' energy equipment for water heating, space heating or cooling, or electricity
16 means any ~~hot water, heating, cooling, or heating and cooling equipment which~~ solar energy
17 equipment for water heating, space heating or cooling, or electricity that meets the
18 definitive performance criteria established by the U.S. Secretary of the Treasury or any other
19 performance criteria approved and published by the Secretary of Revenue, or passive solar
20 systems that meet the eligibility criteria approved and published by the Secretary of Revenue.
21 Secretary."

22 Sec. 2. G.S. 105-130.28 reads as rewritten:

23 "**§ 105-130.28. Credit against corporate income tax for construction of a**
24 **photovoltaic equipment facility.**

25 (a) Any corporation that constructs in North Carolina a facility for the production
26 of photovoltaic equipment ~~shall be~~ is allowed a credit against the tax imposed by this
27 Division equal to ~~twenty percent (20%)~~ twenty-five percent (25%) of the installation and
28 equipment costs of construction. This credit shall not be allowed to the extent that any
29 of the costs of the ~~system~~ equipment were provided by federal, State, or local grants. To
30 secure the credit allowed by this section, the taxpayer must own or control the facility at
31 the time of construction. The credit allowed by this section may not exceed the amount
32 of the tax imposed by this Division for the taxable year reduced by the sum of all credits
33 allowable under this Division, except payments of tax made by or on behalf of the
34 taxpayer.

35 (b) As used in this section, 'photovoltaic equipment' means those products
36 designed, manufactured, and produced to convert sunlight directly into ~~electricity without~~
37 ~~a need for additional generating or conversion equipment.~~ electricity.

38 (c) The amount of credit allowed under this section may be carried over for the
39 next succeeding five years."

40 Sec. 3. G.S. 105-130.32 reads as rewritten:

41 "**§ 105-130.32. Credit against corporate income tax for installation of solar energy**
42 **equipment for the production of industrial or process heat. heat or**
43 **electricity in certain processes.**

1 (a) Any corporation that constructs or installs solar energy equipment for the
2 production of heat or electricity in the manufacturing or service processes of its business
3 located in this State ~~shall be~~ is allowed a credit against the tax imposed by this Division
4 equal to ~~twenty percent (20%)~~ thirty-five percent (35%) of the installation and equipment
5 costs of the solar energy equipment. The credit allowed under this section may not
6 exceed ~~eight-twenty-five thousand dollars (\$8,000)~~ (\$25,000) for any single installation.
7 This credit shall not be allowed to the extent that any of the costs of the ~~system~~
8 equipment were provided by federal, State, or local grants. To secure the credit allowed
9 by this section, the taxpayer must own or control the business at the time the solar
10 energy equipment is installed. The credit allowed by this section may not exceed the
11 amount of the tax imposed by this Division for the taxable year reduced by the sum of
12 all credits allowable under this Division, except payments of tax made by or on behalf
13 of the taxpayer.

14 (b) As used in this section, 'solar energy equipment' means equipment and
15 materials designed to collect, store, transport, or control energy derived directly from
16 the sun."

17 Sec. 4. G.S. 105-151.2 reads as rewritten:

18 "**§ 105-151.2. Credit for solar ~~hot water, heating, and cooling~~ energy equipment.**

19 (a) A person or partnership who causes to be constructed or installed a solar ~~hot~~
20 ~~water, heating, or cooling system~~ energy equipment for water heating, space heating or
21 cooling, or electricity in any building in North Carolina ~~shall be~~ is allowed as a credit
22 against the tax imposed by this Division ~~an amount equal to twenty-five percent (25%)~~
23 forty percent (40%) of the installation and equipment cost of the solar ~~hot water, heating,~~
24 ~~or cooling equipment; provided, that the~~ energy equipment. A credit allowed under this
25 section ~~may~~ shall not exceed one thousand five hundred dollars ~~(\$1,000)~~ (\$1,500) per
26 system or per year on any single building or for each family dwelling unit of a multi-
27 dwelling building ~~which that~~ is individually metered for electric power or natural gas or
28 ~~with~~ has a separate furnace for oil heat paid for by the ~~occupant; provided further, that to~~
29 occupant. To obtain the credit the taxpayer must own or control the use of the building
30 at the time of the installation, except that in the case of a building constructed or
31 modified for sale in which a solar ~~system~~ energy equipment is constructed or installed,
32 the credit shall be allowed to the owner who first occupies the building for use after the
33 construction or installation of the ~~system~~ equipment or the owner-lessor who first leases
34 the building for use after the construction or installation of the ~~system; provided further,~~
35 ~~that the~~ equipment. The credit shall not be allowed to the extent that any of the cost of
36 the ~~system~~ equipment was provided by federal, State, or local ~~grants; and provided further,~~
37 ~~that if~~ grants. If the credit allowed by this section exceeds the taxes imposed by this
38 Division reduced by all other credits ~~allowed by the provisions of this Division, allowed,~~
39 except payments of tax made by or on behalf of the taxpayer, the excess shall be
40 allowed against the taxes imposed by this Division for the next ~~three~~ five succeeding
41 years.

42 (b) In the case of property owned by the entirety, if both spouses are required to
43 file North Carolina income tax returns, the credit allowed by this section may be
44 claimed only if the spouses file a joint return. If only one spouse is required to file a

1 North Carolina income tax return, that spouse may claim the credit allowed by this
2 section on a separate return.

3 (c) For the purpose of this section, the term '~~solar hot water, heating, and cooling~~
4 ~~equipment~~energy equipment for water heating, space heating or cooling, or electricity'
5 means any ~~hot water, heating, cooling, or heating and cooling equipment which~~solar energy
6 equipment for water heating, space heating or cooling, or electricity that meets the
7 ~~definitive performance criteria established by the U.S. Secretary of the Treasury or any other~~
8 ~~performance criteria approved and published by the Secretary of Revenue, or passive solar~~
9 ~~systems that meet the eligibility criteria approved and published by the Secretary of Revenue.~~
10 Secretary."

11 Sec. 5. G.S. 105-151.8 reads as rewritten:

12 "**§ 105-151.8. Credit for installation of solar energy equipment for the production**
13 **of ~~industrial or process heat.~~ heat or electricity in certain processes.**

14 (a) A person who constructs or installs solar energy equipment for the production
15 of heat or electricity in the manufacturing or service processes of ~~his~~the person's
16 business located in this State ~~shall be~~is allowed as a credit against the tax imposed by
17 this Division ~~an amount equal to twenty percent (20%)~~thirty-five percent (35%) of the
18 installation and equipment costs of the solar energy equipment. The credit allowed
19 under this section may not exceed ~~eight~~twenty-five thousand dollars ~~(\$8,000)~~(\$25,000)
20 for any single installation. This credit shall not be allowed to the extent that any of the
21 costs of the ~~system~~equipment were provided by federal, State, or local grants. To secure
22 the credit allowed by this section, the taxpayer must own or control the business at the
23 time the solar energy equipment is installed. The credit allowed by this section may not
24 exceed the amount of tax imposed by this Division for the taxable year reduced by the
25 sum of all credits allowable under this Division, except ~~payment~~payments of tax made
26 by or on behalf of the taxpayer. In no case shall a tax credit be allowed under both this
27 section and G.S. 105-151.2.

28 (b) In the case of property owned by the entirety, if both spouses are required to
29 file North Carolina income tax returns, the credit allowed by this section may be
30 claimed only if the spouses file a joint return. If only one spouse is required to file a
31 North Carolina income tax return, that spouse may claim the credit allowed by this
32 section on a separate return.

33 (c) As used in this section, 'solar energy equipment' means equipment and
34 materials designed to collect, store, transport, or control energy derived directly from
35 the sun."

36 Sec. 6. This act is effective for taxable years beginning on or after January 1,
37 1994.