

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1045;

SHORT TITLE: Photovoltaic Equipment Tax Credit

SPONSOR(S): Committee Substitute

FISCAL IMPACT: Expenditures: Increase () Decrease ()
 Revenues: Increase () Decrease (X)
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund (X) Highway Fund () Local Fund ()
 Other Fund ()

BILL SUMMARY :

The proposed act broadens existing income tax credits for the production and installation of solar and photovoltaic equipment by increasing the amounts of the credits and extending the solar equipment credits to include equipment that generates electricity.

Amends G.S. 105-130.23, corporate income tax and G.S. 105-151.2, individual income tax credits by changing the credit from 25% of the installation and construction cost of energy equipment to 40% and increasing the cap by \$500.00. Extends the carry forward from 3 to 5 years.

Amends G.S. 105-130.28, corporate income tax, by increasing the credit from 20% to 50% of the equipment costs of constructing a photovoltaic equipment manufacturing facility. Extends the carry forward from 3 to 5 years.

Amends G.S. 105-130.32, corporate income tax and G.S. 105-151.8, individual income tax credits for the installation of solar energy equipment used to generate commercial or industrial heating, cooling, or electricity. The act increases the credit from 25% to 35% and raising the cap by \$17,000. Extends the carry forward from 3 to 5 years.

EFFECTIVE DATE: Tax years beginning on or after January 1, 1994.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:
Corporate and Individual Income Tax Returns.

**ESTIMATED
FISCAL IMPACT**

	<u>FY</u> 94-95	<u>FY</u> 95-96	<u>FY</u> 96-97	<u>FY</u> 97-98	<u>FY</u> 98-99
REVENUE					
(Loss)	\$127,500 to 178,500 a year				

ASSUMPTIONS AND METHODOLOGY:

G.S. 105-130.23; Corporate Income Tax Credits

The cost of equipment ranges from \$2,500 to \$10,000 and the maximum number of units installed in a year ranges from 50 to 70. If all of these units revived the full \$1,500 income tax credit the loss to the General Fund is expected to be between \$75,000 and \$105,000.

G.S. 105-130.32; Corporate Income Tax Credits

The cost of equipment ranges from \$10,000 to \$100,000 with an average system cost of \$30,000. Thirty five percent of the average cost is \$10,500. The maximum number of units installed in a year is expected to be 5 to 7 units at an average cost of \$30,000. The revenue loss to the General Fund is expected to be between \$52,500 and \$73,500.

SOURCES OF DATA:

Mike Page, Solar Power One Incorporated

Bill Brooks, N.C. Solar Center, North Carolina State University

FISCAL RESEARCH DIVISION

733-4910

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APPROVED BY: Tom L. Covington **TomC**

DATE: June 13, 1994

[FRD#002]



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