

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H

4

HOUSE BILL 512*
Committee Substitute Favorable 6/25/09
Committee Substitute #2 Favorable 7/22/09
Senate Finance Committee Substitute Adopted 8/4/09

Short Title: Incentives for Energy Conservation.

(Public)

Sponsors:

Referred to:

March 10, 2009

A BILL TO BE ENTITLED

AN ACT TO EXTEND THE CREDIT FOR INVESTING IN RENEWABLE ENERGY
PROPERTY TO GEOTHERMAL HEAT PUMPS AND EQUIPMENT, TO ALLOW THE
CREDIT TO BE TAKEN AGAINST THE GROSS PREMIUMS TAX, AND TO
EXTEND THE SUNSET FOR THE CREDIT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-129.15(7) reads as rewritten:

"§ 105-129.15. Definitions.

The following definitions apply in this Article:

...

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

- a. Biomass equipment that uses 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. The term
also includes related devices for converting, conditioning, and storing
the liquid fuels, gas, and electricity produced with biomass
equipment.
- b. Hydroelectric generators located at existing dams or in free-flowing
waterways, and related devices for water supply and control, and
converting, conditioning, and storing the electricity generated.
- c. Solar energy equipment that uses solar radiation as a substitute for
traditional energy for water heating, active space heating and
cooling, passive heating, daylighting, generating electricity,
distillation, desalination, detoxification, or the production of
industrial or commercial process heat. The term also includes related
devices necessary for collecting, storing, exchanging, conditioning,
or converting solar energy to other useful forms of energy.
- d. Wind equipment required to capture and convert wind energy into
electricity or mechanical power, and related devices for converting,
conditioning, and storing the electricity produced.
- e. Geothermal heat pumps that use the ground or groundwater as a
thermal energy source to heat a structure or as a thermal energy sink
to cool a structure.



1 f. Geothermal equipment that uses the internal heat of the earth as a
2 substitute for traditional energy for water heating or active space
3 heating and cooling.

4 "

5 **SECTION 2.** G.S. 105-129.16A reads as rewritten:

6 "**§ 105-129.16A. Credit for investing in renewable energy property.**

7 (a) Credit. – If a taxpayer that has constructed, purchased, or leased renewable energy
8 property places it in service in this State during the taxable year, the taxpayer is allowed a
9 credit equal to thirty-five percent (35%) of the cost of the property. In the case of renewable
10 energy property that serves a single-family dwelling, the credit must be taken for the taxable
11 year in which the property is placed in service. For all other renewable energy property, the
12 entire credit may not be taken for the taxable year in which the property is placed in service but
13 must be taken in five equal installments beginning with the taxable year in which the property
14 is placed in service.

15 (b) Expiration. – If, in one of the years in which the installment of a credit accrues, the
16 renewable energy property with respect to which the credit was claimed is disposed of, taken
17 out of service, or moved out of State, the credit expires and the taxpayer may not take any
18 remaining installment of the credit. The taxpayer may, however, take the portion of an
19 installment that accrued in a previous year and was carried forward to the extent permitted
20 under G.S. 105-129.17. No credit is allowed under this section to the extent the cost of the
21 renewable energy property was provided by public funds.

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

24 (1) Nonresidential Property. – A ceiling of two million five hundred thousand
25 dollars (\$2,500,000) per installation applies to renewable energy property
26 placed in service for any purpose other than residential.

27 (2) Residential Property. – The following ceilings apply to renewable energy
28 property placed in service for residential purposes:

29 a. One thousand four hundred dollars (\$1,400) per dwelling unit for
30 solar energy equipment for domestic water heating, including pool
31 heating.

32 b. Three thousand five hundred dollars (\$3,500) per dwelling unit for
33 solar energy equipment for active space heating, combined active
34 space and domestic hot water systems, and passive space heating.

35 c. Ten thousand five hundred dollars (\$10,500) per installation for any
36 other renewable energy property for residential purposes.

37 d. Eight thousand four hundred dollars (\$8,400) per installation for a
38 geothermal heat pump or geothermal equipment.

39 (d) No Double Credit. – A taxpayer that claims any other credit allowed under this
40 Chapter with respect to renewable energy property may not take the credit allowed in this
41 section with respect to the same property. A taxpayer may not take the credit allowed in this
42 section for renewable energy property the taxpayer leases from another unless the taxpayer
43 obtains the lessor's written certification that the lessor will not claim a credit under this Chapter
44 with respect to the property.

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

47 **SECTION 3.** G.S. 105-129.17(a) reads as rewritten:

48 "(a) Tax Election. – The credit allowed in G.S. 105-129.16A is allowed against the
49 franchise tax levied in Article 3 of this Chapter, the income taxes levied in Article 4 of this
50 Chapter, or the gross premiums tax levied in Article 8B of this Chapter. ~~The All other credits~~
51 allowed in this Article are allowed against the franchise tax levied in Article 3 of this Chapter

1 or the income taxes levied in Article 4 of this Chapter. The taxpayer must elect the tax against
2 which a credit will be claimed when filing the return on which the first installment of the credit
3 is claimed. This election is binding. Any carryforwards of a credit must be claimed against the
4 same tax."

5 **SECTION 4.** This act is effective for taxable years beginning on or after January 1,
6 2009.