

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 291*

Short Title: Credit for Value-Added Ag Business.

(Public)

Sponsors: Senators Albertson; and Wellons.

Referred to: Finance.

March 1, 2001

A BILL TO BE ENTITLED

AN ACT TO CREATE AN INCOME TAX CREDIT FOR TAXPAYERS INVESTING
IN AGRIBUSINESS ENTERPRISES THAT ADD VALUE TO RAW, NORTH
CAROLINA GROWN AGRICULTURAL COMMODITIES.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 105 of the General Statutes is amended by adding a
new Article to read:

"Article 3E.

"Value-Added Agribusiness Tax Credit.

§ 105-129.40. Credit for investment in value-added agribusiness.

(a) A taxpayer who invests in a qualified North Carolina value-added agribusiness shall be entitled to a credit against the income tax imposed under Article 4 of this Chapter in the amount of twenty-five percent (25%) of the amount invested. Investments in a qualified North Carolina value-added agribusiness may include cash and in-kind contributions of machinery and equipment, real property, or facilities. To be eligible for the credit, contributions of machinery and equipment, real property, or facilities shall be directly related to the agribusiness.

(b) The amount of the credit allowed shall not exceed fifty percent (50%) of the tax against which it is claimed for the taxable year, or fifty thousand dollars (\$50,000), reduced by the sum of all credits allowed against the tax except tax payments made by or on behalf of the taxpayer. This limitation applies to the cumulative amount of credit, including carryforwards claimed by the taxpayer under this Article against the tax for the taxable year. Any unused portion of the credit may be carried forward for the succeeding 10 years.

(c) The following definitions apply in this Article:

(1) 'Commercial entity' means (i) an agricultural marketing cooperative established pursuant to Subchapter V of Chapter 54 of the General Statutes or (ii) a person producing raw agricultural products.

1 (2) 'Person' means a natural person, partnership, or corporation that earns
2 less than two hundred fifty thousand dollars (\$250,000) in annual
3 gross income from the production of raw agricultural products.

4 (3) 'Qualified North Carolina value-added agribusiness' means a
5 commercial entity operating in this State that uses, processes, refines,
6 or packages raw agricultural products in a manner that increases the
7 value of the raw agricultural products on the market.

8 (d) To claim a credit allowed by this Article, the taxpayer shall provide any
9 information required by the Secretary of Revenue. Every taxpayer claiming a credit
10 under this Article shall maintain and make available for inspection by the Secretary of
11 Revenue any records the Secretary considers necessary to determine and verify the
12 amount of the credit to which the taxpayer is entitled. The burden of proving eligibility
13 for the credit and the amount of the credit shall rest upon the taxpayer, and no credit
14 shall be allowed to a taxpayer that fails to maintain adequate records or to make them
15 available for inspection.

16 (e) The total amount of all tax credits allowed to taxpayers under this section for
17 contributions made in a calendar year may not exceed two million dollars (\$2,000,000).
18 The Secretary must calculate the total amount of tax credits claimed from the
19 applications filed under this section. If the total amount of tax credits claimed for
20 contributions made in a calendar year exceeds two million dollars (\$2,000,000), the
21 Secretary must allow a portion of the credits claimed by allocating a total of two million
22 dollars (\$2,000,000) in tax credits in proportion to the size of the credit claimed by each
23 taxpayer. If a credit is reduced pursuant to this subsection, the Secretary must notify the
24 taxpayer of the amount of the reduction of the credit on or before December 31 of the
25 year the application was filed. The Secretary's allocations based on applications filed
26 pursuant to this section are final and will not be adjusted to account for credits applied
27 for but not claimed."

28 **Section 2.** This act is effective for taxable years beginning on or after
29 January 1, 2001.