GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H **D**

HOUSE DRH30096-ME-30H* (2/16)

Short Title:	Renewable Energy and Energy Efficiency Credit.	(Public)
Sponsors:	Representative Holliman.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO EXTEND THE SUNSET FOR THE RENEWABLE ENERGY TAX CREDIT TO MATCH THE FEDERAL TAX CREDIT, TO ENCOURAGE INSTALLATION OF COMBINED HEAT AND POWER PROPERTY AND GEOTHERMAL HEAT PUMPS, AND TO ALLOW ENERGY TAX CREDITS TO BE TAKEN AGAINST THE GROSS PREMIUM TAX.

The General Assembly of North Carolina enacts:

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

"**§ 105-129.15. Definitions.**

The following definitions apply in this Article:

(1) Business property. – Tangible personal property that is used by the taxpayer in connection with a business or for the production of income and is capitalized by the taxpayer for tax purposes under the Code. The term does not include, however, a luxury passenger automobile taxable under section 4001 of the Code or a watercraft used principally for entertainment and pleasure outings for which no admission is charged.

(1a) Combined heat and power property. – Equipment located at a retail electric customer's facility or home that:

a. Simultaneously and efficiently produces useful thermal value and electricity; and

b. Recovers not less than sixty percent (60%) of the energy value in the fuel (on a higher-heating-value basis) in the form of useful thermal energy and electricity.

(2) Cost. – In the case of property owned by the taxpayer, cost is determined pursuant to regulations adopted under section 1012 of the Code, subject to the limitation on cost provided in section 179 of the Code. In the case of property the taxpayer leases from another, cost is value as determined pursuant to G.S. 105-130.4(j)(2).

(3) Recodified as § 105-129.15(5).

(4) Hydroelectric generator. – A machine that produces electricity by water power or by the friction of water or steam.

(4a) Repealed by Session Laws 2002-87, s. 3, effective August 22, 2002.

(5) Purchase. – Defined in section 179 of the Code.

(6) Renewable biomass resources. – Organic matter produced by terrestrial and aquatic plants and animals, such as standing vegetation, aquatic crops,

forestry and agricultural residues, spent pulping liquor, landfill wastes, and animal wastes.

(7) Renewable energy and energy efficient 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.

(8) Renewable fuel. – Either of the following:

a. Biodiesel, as defined in G.S. 105-449.60.

b. Ethanol either unmixed or in mixtures with gasoline that are seventy percent (70%) or more ethanol by volume."

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

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

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

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

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

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

(2) Residential Property. – The following ceilings apply to renewable energy and energy efficient property and to combined heat and power property placed in service for residential purposes:

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

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

c. Ten thousand five hundred dollars ($10,500) per installation for any other renewable energy and energy efficient property and for combined heat and power property used for residential purposes.

d. Eight thousand four hundred dollars ($8,400) per installation for geothermal heat pumps.

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

(e) Sunset. – This section is repealed effective for renewable energy property placed into service on or after January 1, ~~2011.~~ 2017.

(f) Tax Election. – For purposes of the tax credit allowed under this section, the tax election required under G.S. 105-129.17(a) also includes the gross premium taxes levied in Article 8B of this Chapter."

SECTION 3. This act is effective for taxes imposed for taxable years beginning on or after January 1, 2009.