

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 512*

Short Title: Incentives for Energy Conservation. (Public)

Sponsors: Representatives Holliman, Harrison, Luebke (Primary Sponsors); M. Alexander, Cotham, Faison, Farmer-Butterfield, Hughes, Insko, Lucas, Pierce, Samuelson, Tarleton, Weiss, Womble, and Wray.

Referred to: Energy and Energy Efficiency, if favorable, Finance.

March 10, 2009

A BILL TO BE ENTITLED

AN ACT TO CREATE INCENTIVES FOR HIGH-PERFORMANCE HOMES AND RENEWABLE ENERGY, TO REQUIRE REPORTING ON ENERGY USAGE BY PUBLIC SCHOOLS AND STATE INSTITUTIONS OF HIGHER LEARNING, AND TO ADD THE DESIGN PRINCIPLES OF THE NC HEALTHYBUILT HOMES PROGRAM TO THE CERTIFICATION OR RATING SYSTEMS THAT MAY QUALIFY FOR BUILDING PERMIT FEE REDUCTIONS OR PARTIAL REBATES ALLOWED BY COUNTIES AND CITIES IN ORDER TO ENCOURAGE CONSTRUCTION OF BUILDINGS USING SUSTAINABLE DESIGN TO ACHIEVE ENERGY EFFICIENCY.

The General Assembly of North Carolina enacts:

PART I: RENEWABLE ENERGY PROPERTY

SECTION 1.1. G.S. 105-129.15(7) is amended by adding two new subdivisions to read:

"The following definitions apply in this Article:

...

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

...

a1. Geothermal equipment that uses the internal heat of the earth as a substitute for traditional energy for water heating or active space heating and cooling.

...

b1. Fuel cell equipment that uses an electrochemical process to convert renewable-energy-generated hydrogen to electricity."

SECTION 1.2. G.S. 105-129.16A(e) reads as rewritten:

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 – This section is repealed effective for renewable energy property placed into service on or after January 1, ~~2011~~2016."

SECTION 1.3. G.S. 105-129.16A(c)(1) reads as rewritten:

"(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 property placed in service ~~for any purpose other than residential~~ by a business entity in furtherance of a commercial enterprise.

...."



PART II: RENEWABLE ENERGY EQUIPMENT FACILITY CONSTRUCTION

SECTION 2. G.S. 105-130.28 is reenacted and reads as rewritten:

"§ 105-130.28. Credit against corporate income tax for construction of a renewable energy equipment facility.

(a) Credit. – A corporation that constructs in North Carolina a facility for the manufacture of renewable energy ~~equipment-property~~ is allowed a credit against the tax imposed by this Part equal to twenty-five percent (25%) of the installation and equipment costs of construction paid during the taxable year. The entire credit may not be taken for the taxable year in which the costs are paid but must be taken in five equal installments beginning with the taxable year in which the costs are paid.

No credit is allowed, however, to the extent that any of the costs of the ~~equipment-property~~ were provided by federal, State, or local grants. To secure the credit allowed by this section, the taxpayer must own or control the facility at the time of construction.

(b) Definitions. – ~~The following definitions provided in G.S. 105-129.15 apply in this section:section.~~

(1) ~~Biomass equipment. — Products designed to use 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 from renewable energy crops or wood waste materials. The term also includes related devices for converting, conditioning, and storing the liquid fuels, gas, and electricity produced with biomass equipment.~~

(2) ~~Hydroelectric generator. — Defined in G.S. 105-129.15.~~

(3) ~~Renewable biomass resources. — Defined in G.S. 105-129.15.~~

(4) ~~Renewable energy equipment. — Biomass equipment, hydroelectric generators, solar electric or thermal equipment, and wind energy equipment.~~

(5) ~~Solar electric or thermal equipment. — Products designed to convert sunlight into electricity or heat.~~

(6) ~~Wind energy equipment. — Products designed to capture and convert wind energy into electricity or mechanical power.~~

(c) Cap. – The credit allowed by this section may not exceed fifty percent (50%) of the amount of the tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except payments of tax made by or on behalf of the taxpayer. This limitation applies to the cumulative amount of the credit, including carryforwards, claimed by the taxpayer under this section for the taxable year. Any unused portion of the credit may be carried forward for the succeeding 10 years.

(d) No Double Credit. – A taxpayer that claims any other credit allowed under this Chapter with respect to construction of a facility for the manufacture of renewable energy ~~equipment-property~~ may not take the credit allowed in this section with respect to the same facility."

PART III: HIGH-PERFORMANCE HOMES

SECTION 3.1. Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.49. Construction or improvement of high-performance home.

(a) Definitions. – The following definitions apply in this section:

(1) High-performance home. – A single-family or multifamily home that is a federally qualified high-performance home or a State-certified high-performance home.

(2) Federally qualified high-performance home. – A residence qualified under the ENERGY STAR Program administered by the United States Environmental Protection Agency.

1 (3) State-certified high-performance home. – A residence certified under the NC
2 HealthyBuilt Homes Program administered by the North Carolina Solar
3 Center, the State Energy Office, and the North Carolina Department of
4 Administration.

5 (b) Credit. – A taxpayer that builds or manufactures a high-performance home is
6 allowed a credit against the taxes imposed by this Part. In order to claim a credit under this
7 section, the taxpayer must include with the tax return documentation that the property with
8 respect to which a credit is claimed is a high-performance home. A taxpayer may claim only
9 one of the credits allowed under this section with respect to a single home. The amount of the
10 credit is as follows:

11 (1) For a taxpayer that builds or manufactures a new federally qualified
12 high-performance home, the credit is one thousand dollars (\$1,000).

13 (2) For a taxpayer that builds or manufactures a new State-certified
14 high-performance home, the credit is three thousand dollars (\$3,000).

15 (c) Nonprofit Organizations. – A taxpayer that purchases a high-performance home
16 built or manufactured by a nonprofit organization organized under section 501(c)(3) of the
17 Code is allowed a credit under this section. The amount of credit allowed is equal to the credit
18 that the nonprofit organization would be allowed under this section if the nonprofit
19 organization was subject to tax.

20 (d) Cap. – The credit allowed under this section may not exceed the amount of tax
21 imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax
22 payments made by or on behalf of the taxpayer. Any unused portion of a credit under this
23 section may be carried forward for the succeeding five years.

24 (e) Sunset. – This section is repealed effective for taxable years beginning on or after
25 January 1, 2012."

26 **SECTION 3.2.** Part 2 of Article 4 of Chapter 105 of the General Statutes is
27 amended by adding a new section to read:

28 "**§ 105-151.33. Construction or improvement of high-performance home.**

29 (a) Definitions. – The following definitions apply in this section:

30 (1) High-performance home. – A single-family or multifamily home that is a
31 federally qualified high-performance home or a State-certified
32 high-performance home.

33 (2) Federally qualified high-performance home. – A residence qualified under
34 the ENERGY STAR Program administered by the United States
35 Environmental Protection Agency.

36 (3) State-certified high-performance home. – A residence certified under the NC
37 HealthyBuilt Homes Program administered by the North Carolina Solar
38 Center, the State Energy Office, and the North Carolina Department of
39 Administration.

40 (b) Credit. – A taxpayer that builds or manufactures a high-performance home is
41 allowed a credit against the taxes imposed by this Part. In order to claim a credit under this
42 section, the taxpayer must include with the tax return documentation that the property with
43 respect to which a credit is claimed is a high-performance home. A taxpayer may claim only
44 one of the credits allowed under this section with respect to a single home. The amount of the
45 credit is as follows:

46 (1) For a taxpayer that builds or manufactures a new federally qualified
47 high-performance home, the credit is one thousand dollars (\$1,000).

48 (2) For a taxpayer that builds or manufactures a new State-certified
49 high-performance home, the credit is three thousand dollars (\$3,000).

50 (c) Nonprofit Organizations. – A taxpayer that purchases a high-performance home
51 built or manufactured by a nonprofit organization organized under section 501(c)(3) of the

1 Code is allowed a credit under this section. The amount of credit allowed is equal to the credit
2 that the nonprofit organization would be allowed under this section if the nonprofit
3 organization was subject to tax.

4 (d) Cap. – The credit allowed under this section may not exceed the amount of tax
5 imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax
6 payments made by or on behalf of the taxpayer. Any unused portion of a credit under this
7 section may be carried forward for the succeeding five years.

8 (e) Sunset. – This section is repealed effective for taxable years beginning on or after
9 January 1, 2012."

10 **PART IV: REQUIRE PUBLIC SCHOOLS AND UNIVERSITIES TO PROVIDE**
11 **REPORTS TO THE STATE ENERGY OFFICE**

12 **SECTION 4.** G.S. 143-64.12(a) reads as rewritten:

13 "(a) The Department of Administration through the State Energy Office shall develop a
14 comprehensive program to manage energy, water, and other utility use for State agencies and
15 State institutions of higher learning and shall update this program annually. Each State agency
16 and State institution of higher learning shall develop and implement a management plan that is
17 consistent with the State's comprehensive program under this subsection to manage energy,
18 water, and other utility use. The energy consumption per gross square foot for all State
19 buildings in total shall be reduced by twenty percent (20%) by 2010 and thirty percent (30%)
20 by 2015 based on energy consumption for the 2002-2003 fiscal year. Each State agency and
21 State institution of higher learning shall update its management plan annually and include
22 strategies for supporting the energy consumption reduction requirements under this subsection.
23 ~~Each community college~~ local school administrative unit for each public school and each State
24 institution of higher learning shall submit to the State Energy Office an annual written report of
25 utility consumption and costs."

26 **PART V: NC HEALTHYBUILT HOMES INCENTIVE**

27 **SECTION 5.1.** G.S. 153A-340(i) is amended by adding a new subdivision to read:

28 "(i) In order to encourage construction that uses sustainable design principles and to
29 improve energy efficiency in buildings, a county may charge reduced building permit fees or
30 provide partial rebates of building permit fees for buildings that are constructed or renovated
31 using design principles that conform to or exceed one or more of the following certifications or
32 ratings:

- 33 (1) Leadership in Energy and Environmental Design (LEED) certification or
34 higher rating under certification standards adopted by the U.S. Green
35 Building Council.
- 36 (2) A One Globe or higher rating under the Green Globes program standards
37 adopted by the Green Building Initiative.
- 38 (3) A certification or rating by another nationally recognized certification or
39 rating system that is equivalent or greater than those listed in subdivisions
40 (1) and (2) of this subsection.
- 41 (4) NC HealthyBuilt Homes certification as verified by the North Carolina Solar
42 Center at North Carolina State University."

43 **SECTION 5.2.** G.S. 160A-381(f) is amended by adding a new subdivision to read:

44 "(f) In order to encourage construction that uses sustainable design principles and to
45 improve energy efficiency in buildings, a city may charge reduced building permit fees or
46 provide partial rebates of building permit fees for buildings that are constructed or renovated
47 using design principles that conform to or exceed one or more of the following certifications or
48 ratings:

- 49 (1) Leadership in Energy and Environmental Design (LEED) certification or
50 higher rating under certification standards adopted by the U.S. Green
51 Building Council.

- 1 (2) A One Globe or higher rating under the Green Globes program standards
2 adopted by the Green Building Initiative.
3 (3) A certification or rating by another nationally recognized certification or
4 rating system that is equivalent or greater than those listed in subdivisions
5 (1) and (2) of this subsection.
6 (4) NC HealthyBuilt Homes certification as verified by the North Carolina Solar
7 Center at North Carolina State University."

8 **PART VI: EFFECTIVE DATE**

9 **SECTION 6.** Parts I and II of this act are effective for taxable years beginning on
10 or after January 1, 2009. Part III of this act is effective for taxable years beginning on or after
11 January 1, 2009, and applies to homes that receive the qualification or certification on or after
12 that date. Part IV of this act becomes effective August 1, 2009, and applies to reports required
13 on or after that date. The remainder of this act is effective when it becomes law.