

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 455

Short Title: Local Food Sourcing Tax Credit. (Public)

Sponsors: Representatives R. Johnson and L. Hall (Primary Sponsors).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Agriculture, if favorable, Finance.

April 2, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE A LOCAL FOOD SOURCING TAX CREDIT.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Subchapter I of Chapter 105 of the General Statutes is amended by
5 adding a new Article to read:

6 "Article 3L.

7 "Tax Incentives for Local Food Sourcing.

8 **"§ 105-129.100. Definitions.**

9 The following definitions apply in this Article:

10 (1) Food desert zone. – Defined in G.S. 143B-437.010A.

11 (2) Grocer. – A taxpayer with a physical location in a food desert zone that is
12 used primarily for the sale of food at retail and that receives the majority of
13 its income from the retail sale of food. The term does not include taxpayers
14 with a physical location in a food desert zone used primarily for food service
15 or food preparation services.

16 (3) Local food and farm products. – Fruits, vegetables, grain, and meat sold by a
17 producer to a grocer if all of the following requirements are met:

18 a. The place where the local food and farm products are produced is
19 within 150 miles of the grocer's physical location where it is sold.

20 b. The local food and farm products are not processed or minimally
21 processed.

22 (4) Minimally processed. – Processing limited to no more than the following:

23 a. For fruits and vegetables, washing and packaging prior to delivery.

24 b. For meats, offered whole or in traditional cuts.

25 c. For grains, cleaned and in whole or ground form.

26 (5) Producer. – A person that produces raw fruits, vegetables, grains, or meat,
27 including cooperatives of producers.

28 **"§ 105-129.101. Credit for contracting for local food sourcing.**

29 (a) Credit. – A taxpayer that is a grocer that contracts with a producer for the wholesale
30 purchase of local food and farm products for sale in a food desert zone is allowed a tax credit
31 against the income taxes levied in Article 4 of this Chapter equal to twenty percent (20%) of
32 the wholesale price of the local food and farm products purchased.

33 (b) Credit Refundable. – If a credit allowed by this Article exceeds the amount of tax
34 imposed for the taxable year under Article 4 of this Chapter, reduced by the sum of all credits
35 allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is



1 governed by the provisions governing a refund of an overpayment by a taxpayer of the tax
2 imposed by Article 4 of this Chapter. In computing the amount of tax against which multiple
3 credits are allowed, nonrefundable credits are subtracted before refundable credits.

4 **"§ 105-129.102. Substantiation.**

5 To claim a credit allowed by this Article, the taxpayer must provide any information
6 required by the Secretary. Each taxpayer claiming a credit under this Article must maintain and
7 make available for inspection by the Secretary any records the Secretary considers necessary to
8 determine and verify the amount of the credit to which the taxpayer is entitled. The burden of
9 proving eligibility for a credit and the amount of the credit rests upon the taxpayer, and no
10 credit may be allowed to a taxpayer that fails to maintain adequate records or to make them
11 available for inspection.

12 **"§ 105-129.103. Report.**

13 The Department must include in the economic incentives report required by G.S. 105-256
14 the following information itemized by taxpayer:

- 15 (1) The number of taxpayers that claimed a credit allowed in this Article.
- 16 (2) The amount of each credit claimed.
- 17 (3) The total cost to the General Fund of the credits claimed.

18 **"§ 105-129.104. Sunset.**

19 This Article is repealed effective for taxable years beginning on or after January 1, 2020."

20 **SECTION 2.** Article 10 of Chapter 143B of the General Statutes is amended by
21 adding a new section to read:

22 **"§ 143B-437.010A. Food desert zone designation.**

23 (a) Food Desert Zone Defined. – A census tract located in this State that has been
24 identified by the Economic Research Service of the United States Department of Agriculture as
25 meeting each of the following criteria:

- 26 (1) The tract has a poverty rate of twenty percent (20%) or greater or has a
27 median family income at or below eighty percent (80%) of the median
28 family income for the State.
- 29 (2) The tract has at least 500 persons or at least thirty-three percent (33%) of the
30 population who, for a metropolitan area, live more than one mile from a
31 grocery store or healthy, affordable food retail outlet store or, for a
32 nonmetropolitan area, more than 10 miles from a grocery store or healthy,
33 affordable food retail outlet store.

34 (b) Designation. – Upon application of a county, the Secretary of Commerce shall make
35 a written determination whether an area is a food desert zone, as defined in this section. A
36 determination under this section is effective until December 31 of the year 10 years following
37 the year in which the determination is made. The Department of Commerce shall publish
38 annually a list of all food desert zones with a description of their boundaries. The application
39 required by this subsection shall include all of the following:

- 40 (1) A map showing the census tracts and block groups that would comprise the
41 zone.
- 42 (2) A detailed description of the boundaries of the area that would comprise the
43 zone.
- 44 (3) Detailed census information on the county and the proposed zone.
- 45 (4) A resolution of the board of county commissioners requesting the
46 designation of the area as a food desert zone.
- 47 (5) Any other material required by the Secretary of Commerce.

48 (c) Parcel of Property Partially in Food Desert Zone. – For the purposes of this section,
49 a parcel of property that is located partially within a food desert zone is considered entirely
50 within the zone if all of the following conditions are satisfied:

- 51 (1) At least fifty percent (50%) of the parcel is located within the zone.

- 1 (2) The parcel was in existence and under common ownership prior to the most
2 recent federal decennial census.
- 3 (3) The parcel is a portion of land made up of one or more tracts or tax parcels
4 of land that is surrounded by a continuous perimeter boundary."
- 5 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
6 2015.