

April 9, 2009

H 1385. CISTERN TAX CREDIT/REGULATORY REFORM. Filed 4/9/09. *TO PROVIDE A TAX CREDIT FOR CONSTRUCTION OF CISTERNS ON RESIDENTIAL AND COMMERCIAL PROPERTY AND TO PROVIDE THAT LARGE CITIES MAY REGULATE CERTAIN UNDERGROUND IRRIGATION SYSTEMS AND MAY NOT PROHIBIT RAINWATER RECOVERY SYSTEMS.*

Effective for tax years beginning on or after January 1, 2010, enacts new GS 105-130.49 and GS 105-151.33 providing a state income tax credit for installation of qualifying cisterns. Credit is equal to 35% of the cost of constructing and installing the system. Establishes criteria to be met for a cistern system to be eligible. Allows unused portions of the credit to be carried forward for five years. Credit is repealed effective for taxable years beginning on or after January 1, 2014. Enacts new GS 160A-202 authorizing cities with populations in excess of 100,000, according to the last federal decennial census, to regulate certain underground irrigation systems and, effective October 1, 2009, to prohibit the prohibition of rainwater recovery systems.

Intro. by K. Alexander.

GS 105, 160A

May 27, 2009

H 1385. WATER CONSERVATION TAX CREDITS/REFORMS (NEW). Filed 4/9/09. House committee substitute makes the following changes to 1st edition.

Effective for taxable years beginning on or after January 1, 2010, enacts new GS 105-130.50 (related to corporate income tax) and new GS 105-151.34 (related to individual income tax) to create a credit for a taxpayer that constructs, installs and places in service an eligible irrigation system equal to 35% of the cost of constructing, installing and placing the system into service, including modifications to existing plumbing systems necessary for operation of the system. Sets forth the criteria that must be met for an irrigation system to be eligible. Prohibits the credit from exceeding the amount of tax imposed for the taxable year reduced by the sum of all credits allowed, except payments made by or on behalf of the taxpayer. Requires the taxpayer to maintain and make available any information or records required by the Secretary of Revenue. Allows any unused portion of the credit to be carried forward for the next succeeding five years. The credit is repealed effective for taxable years beginning on or after January 1, 2014.

Amends proposed GS 160A-202 by deleting the provision that stated a city may by ordinance regulate or prohibit, in new subdivisions and other new residential and new nonresidential developments within its corporate limits and extraterritorial planning jurisdiction, underground irrigation systems that are connected to the local public potable water supply system. Clarifies that the prohibition on a city ordinance that prohibits or has the effect of prohibiting the installation and maintenance of cistern and rain barrel collection system used to collect water for irrigation purposes also applies to innovative irrigation systems. Defines *innovative irrigation system* as an irrigation system that utilizes an innovative water application technology, such as a conservation controller, an evapotranspiration controller, soil moisture sensor controller, flow sensor, pressure-regulating master valve, pressure-regulating zone valves, pressure-regulating spray heads, spray and rotor heads with check valves, drip irrigation, and micro-sprinklers. Makes technical and conforming changes. Effective October 1, 2009 [was, GS 160A-202(a) and (c) effective when the act becomes law].

Changes the title to *AN ACT TO PROVIDE A TAX CREDIT FOR CONSTRUCTION AND INSTALLATION OF CISTERNS ON RESIDENTIAL AND COMMERCIAL PROPERTY, TO PROVIDE A TAX CREDIT FOR INSTALLATION OF INNOVATIVE IRRIGATION SYSTEMS ON RESIDENTIAL AND COMMERCIAL PROPERTY, AND TO PROVIDE THAT LARGE CITIES MAY NOT PROHIBIT RAINWATER RECOVERY AND INNOVATIVE IRRIGATION SYSTEMS.*