

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 512*
Committee Substitute Favorable 6/25/09
Committee Substitute #2 Favorable 7/22/09
PROPOSED SENATE COMMITTEE SUBSTITUTE H512-PCS50784-TD-78

Short Title: Incentives for Energy Conservation.

(Public)

Sponsors:

Referred to:

March 10, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO EXTEND THE CREDIT FOR INVESTING IN RENEWABLE ENERGY
3 PROPERTY TO GEOTHERMAL HEAT PUMPS AND EQUIPMENT, TO ALLOW THE
4 CREDIT TO BE TAKEN AGAINST THE GROSS PREMIUMS TAX, AND TO
5 EXTEND THE SUNSET FOR THE CREDIT.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-129.15(7) reads as rewritten:

8 **"§ 105-129.15. Definitions.**

9 The following definitions apply in this Article:

10 ...

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

- 13 a. Biomass equipment that uses renewable biomass resources for
14 biofuel production of ethanol, methanol, and biodiesel; anaerobic
15 biogas production of methane utilizing agricultural and animal waste
16 or garbage; or commercial thermal or electrical generation. The term
17 also includes related devices for converting, conditioning, and storing
18 the liquid fuels, gas, and electricity produced with biomass
19 equipment.
- 20 b. Hydroelectric generators located at existing dams or in free-flowing
21 waterways, and related devices for water supply and control, and
22 converting, conditioning, and storing the electricity generated.
- 23 c. Solar energy equipment that uses solar radiation as a substitute for
24 traditional energy for water heating, active space heating and
25 cooling, passive heating, daylighting, generating electricity,
26 distillation, desalination, detoxification, or the production of
27 industrial or commercial process heat. The term also includes related
28 devices necessary for collecting, storing, exchanging, conditioning,
29 or converting solar energy to other useful forms of energy.
- 30 d. Wind equipment required to capture and convert wind energy into
31 electricity or mechanical power, and related devices for converting,
32 conditioning, and storing the electricity produced.



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1 e. Geothermal heat pumps that use the ground or groundwater as a
2 thermal energy source to heat a structure or as a thermal energy sink
3 to cool a structure.

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

7"

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

9 "**§ 105-129.16A. Credit for investing in renewable energy property.**

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

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

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

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

30 (2) Residential Property. – The following ceilings apply to renewable energy
31 property placed in service for residential purposes:

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

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

38 c. Ten thousand five hundred dollars (\$10,500) per installation for any
39 other renewable energy property for residential purposes.

40 d. Eight thousand four hundred dollars (\$8,400) per installation for a
41 geothermal heat pump or geothermal equipment.

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

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

50 **SECTION 3.** G.S. 105-129.17(a) reads as rewritten:

1 "(a) Tax Election. – The credit allowed in G.S. 105-129.16A is allowed against the
2 franchise tax levied in Article 3 of this Chapter, the income taxes levied in Article 4 of this
3 Chapter, or the gross premiums tax levied in Article 8B of this Chapter. ~~The~~All other credits
4 allowed in this Article are allowed against the franchise tax levied in Article 3 of this Chapter
5 or the income taxes levied in Article 4 of this Chapter. The taxpayer must elect the tax against
6 which a credit will be claimed when filing the return on which the first installment of the credit
7 is claimed. This election is binding. Any carryforwards of a credit must be claimed against the
8 same tax."

9 **SECTION 4.** This act is effective for taxable years beginning on or after January 1,
10 2009.