

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

FILED SENATE
Apr 2, 2013
S.B. 652
PRINCIPAL CLERK

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SENATE DRS35273-MC-140 (03/15)

Short Title: Smart Grid Tax Credit.

(Public)

Sponsors: Senator Stein (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE A TAX CREDIT FOR RESEARCH REGARDING MODERN
3 ELECTRIC GRID TECHNOLOGIES.

4 Whereas, the modern electric grid is a reliable and secure electricity infrastructure
5 that can meet future demand growth and achieve increased use of digital information and
6 controls technology to improve reliability, security, and efficiency of the electric grid; and

7 Whereas, the modern electric grid will allow dynamic optimization of grid
8 operations and resources, with full cyber-security; and

9 Whereas, the modern electric grid will allow deployment and integration of
10 distributed resources and generation, including renewable resources; and

11 Whereas, the modern electric grid will allow deployment of "smart" technologies
12 (real-time, automated, interactive technologies that optimize the physical operation of
13 appliances and consumer devices) for metering, communications concerning grid operations
14 and status, and distribution automation; and

15 Whereas, the modern electric grid will allow the deployment and integration of
16 advanced electricity storage and peak-shaving technologies, including plug-in electric and
17 hybrid electric vehicles, and thermal-storage air-conditioning; and

18 Whereas, the modern electric grid will allow integration of "smart" appliances and
19 consumer devices; and

20 Whereas, the modern electric grid will allow the provision to consumers of timely
21 information and control options; Now, therefore,

22 The General Assembly of North Carolina enacts:

23 **SECTION 1.** G.S. 105-129.15 is amended by adding a new subdivision to read:

24 **"§ 105-129.15. Definitions.**

25 The following definitions apply in this Article:

26 ...

27 (9) Smart-grid technology. – Includes each of the following:

28 a. Integrated communications. – High-speed, two-way communication
29 technologies, including, but not limited to, broadband over power
30 line communication technologies, wireless communication
31 technologies, and local area networks of appliances and other devices
32 in the home.

33 b. Advanced components. – Devices that play an active role in
34 determining the electric behavior of the grid, including, but not
35 limited to, advanced switches, transformers, cables, and other
36 electrical devices; storage devices, including plug-in hybrid electric



1 vehicles and advanced batteries; and appliances capable of delaying
2 operation in response to price signals.

3 c. Advanced control and monitoring methods. – Methods and
4 algorithms that monitor power system components and enable rapid
5 diagnosis and timely, appropriate response to any event, including,
6 but not limited to, substation and distribution automation, real-time
7 monitoring and control of substation and distribution equipment,
8 software, or fault locator systems that use sensors and digital
9 information to locate faults.

10 d. Sensing and measurement devices. – Technologies that enhance
11 power system measurements and enable the transformation of data
12 into information, including, but not limited to, advanced sensors,
13 advanced metering infrastructure, phasor measurement units,
14 dynamic line-rating devices that determine real-time capacity of
15 electric lines, and consumer portals that provide consumers with
16 real-time information about energy consumption and prices.

17 e. Improved interfaces and decision support. – Devices or software that
18 will enable more accurate and timely human decision making at all
19 levels of the grid, including, but not limited to, software tools to
20 analyze the health of the electricity system, distribution system
21 modeling software, real-time digital simulators to study and test
22 electricity systems, or geographic information systems."

23 **SECTION 2.** Article 3B of Subchapter I of Chapter 105 of the General Statutes is
24 amended by adding a new section to read:

25 **"§ 105-129.16K. Smart electric grid tax credit.**

26 (a) Credit. – A taxpayer that develops smart-grid technology in this State is allowed a
27 credit equal to a percentage of the taxpayer's qualifying expenses that exceed fifty thousand
28 dollars (\$50,000). If more than one subdivision of this subsection applies to the same qualifying
29 expense, then the credit is equal to the higher percentage, not both percentages combined. For
30 purposes of this section, qualifying expenses are (i) compensation, wages, and employee fringe
31 contributions (including health, pension, and welfare contributions) for a full-time job on which
32 withholding payments are remitted to the Department under Article 4A of this Chapter and (ii)
33 amounts paid to a participating community college or a research university for services
34 performed in this State. The percentage of the taxpayer's qualifying expenses allowed as a
35 credit are as follows:

36 (1) Higher education collaboration. – Twenty percent (20%) for allowable
37 expenses paid to a participating community college or a research university.

38 (2) Other. – Fifteen percent (15%) for allowable expenses not described by
39 subdivision (1) of this subsection.

40 (b) No Double Benefit. – A taxpayer that claims a credit under this section may not
41 claim any of the following with respect to the expenses used to determine the credit under this
42 section:

43 (1) A credit allowed under any other section of this Chapter.

44 (2) A grant from the Job Development Investment Grant Program, set out in
45 Part 2G of Article 10 of Chapter 143B of the General Statutes.

46 (3) A grant from the One North Carolina Fund set out in Part 2H of Article 10 of
47 Chapter 143B of the General Statutes."

48 **SECTION 3.** This act is effective for taxes imposed for taxable years beginning on
49 or after January 1, 2013.