

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE DRS85185-MH-43 (02/13)

Short Title: Extend Renewable Energy Tax Credit Carryover. (Public)

Sponsors: Senator McKissick (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE TAX CREDIT FOR INVESTING IN RENEWABLE ENERGY
3 PROPERTY TO ALLOW CERTAIN INDIVIDUAL TAXPAYERS A
4 CARRYFORWARD GREATER THAN FIVE YEARS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-129.17(b) reads as rewritten:

7 "(b) Cap. – The credits allowed in this Article may not exceed fifty percent (50%) of the
8 tax against which they are claimed for the taxable year, reduced by the sum of all other credits
9 allowed against that tax, except tax payments made by or on behalf of the taxpayer. This
10 limitation applies to the cumulative amount of credit, including carryforwards, claimed by the
11 taxpayer under this Article against each tax for the taxable year. ~~Any~~ Except as provided in
12 G.S. 105-129.16A, any unused portion of the credits may be carried forward for the succeeding
13 five years."

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

15 **"§ 105-129.16A. Credit for investing in renewable energy property.**

16 (a) Credit. – If a taxpayer that has constructed, purchased, or leased renewable energy
17 property places it in service in this State during the taxable year, the taxpayer is allowed a
18 credit equal to thirty-five percent (35%) of the cost of the property. In the case of renewable
19 energy property that serves a nonbusiness purpose, the credit must be taken for the taxable year
20 in which the property is placed in service. For all other renewable energy property, the entire
21 credit may not be taken for the taxable year in which the property is placed in service but must
22 be taken in five equal installments beginning with the taxable year in which the property is
23 placed in service. Upon request of a taxpayer that leases renewable energy property, the lessor
24 of the property must give the taxpayer a statement that describes the renewable energy property
25 and states the cost of the property. No credit is allowed under this section to the extent the cost
26 of the renewable energy property was provided by public funds. For the purposes of this
27 section, "public funds" does not include grants made under section 1603 of the American
28 Recovery and Reinvestment Tax Act of 2009.

29 (b) Expiration. – If, in one of the years in which the installment of a credit accrues, the
30 renewable energy property with respect to which the credit was claimed is disposed of, taken
31 out of service, or moved out of State, the credit expires and the taxpayer may not take any
32 remaining installment of the credit. The taxpayer may, however, take the portion of an
33 installment that accrued in a previous year and was carried forward to the extent permitted
34 under G.S. 105-129.17 subsection (c1) of this section.

35 ...



1 (c1) Carryforward. – Any unused portion of a credit allowed in this section may be
2 carried forward for the succeeding five taxable years, unless an extended carryforward period
3 of seven years applies. An extended carryforward period applies if the taxpayer meets all of the
4 following:

5 (1) The taxpayer elects to take the credit against the individual income tax
6 levied in Part 2 of Article 4 of this Chapter.

7 (2) The top tax rate imposed by G.S. 105-134.2 on the taxpayer's income during
8 all years of the carryforward is no greater than seven percent (7%). If the
9 taxpayer fails to meet this requirement at any point during the carryforward
10 period, the taxpayer will forfeit the remaining amount of the credit.

11 "

12 **SECTION 3.** This act is effective for taxes imposed for taxable years beginning on
13 or after July 1, 2013.