

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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SENATE DRS45279-MC-105A (03/11)

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

Sponsors: Senators D. Davis and Smith (Primary Sponsors).

Referred to:

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. – Defined in G.S. 105-164.3.

11 (2) Grocer. – A taxpayer with a fixed, physical location in this State that is used  
12 primarily for the sale of food at retail and that derives at least fifty percent  
13 (50%) of its gross income from the retail sale of food. The term does not  
14 include taxpayers with a physical location in this State used primarily for  
15 food service or food preparation services.

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

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

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

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

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

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

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

27 d. For eggs, in the shell and packaging prior to delivery.

28 e. For dairy, pasteurized and bottled prior to delivery.

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

31 **"§ 105-129.101. Credit for contracting for local food sourcing.**

32 (a) Credit. – A grocer that contracts with a producer for the wholesale purchase of local  
33 food and farm products is allowed a tax credit equal to twenty percent (20%) of the wholesale  
34 price of the local food and farm products purchased.

35 (b) Taxes Credited. – The credit provided in this section is allowed against the income  
36 taxes levied in Article 4 of this Chapter.



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1       (c) Credit Refundable. – If a credit allowed by this section exceeds the amount of tax  
2 imposed for the taxable year under Article 4 of this Chapter, reduced by the sum of all credits  
3 allowable, the Secretary must refund the excess to the grocer. The refundable excess is  
4 governed by the provisions governing a refund of an overpayment by a taxpayer of the tax  
5 imposed by Article 4 of this Chapter. In computing the amount of tax against which multiple  
6 credits are allowed, nonrefundable credits are subtracted before refundable credits.

7 **"§ 105-129.102. Substantiation.**

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

15 **"§ 105-129.103. Report.**

16       The Department must include in the economic incentives report required by G.S. 105-256  
17 the following information, itemized by grocer:

18           (1) The number of grocers that claimed a credit allowed in this Article.

19           (2) The amount of each credit claimed.

20           (3) The total cost to the General Fund of the credits claimed.

21 **"§ 105-129.104. Sunset.**

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

23       **SECTION 2.** This act is effective for taxable years beginning on or after January 1,  
24 2015.