

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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S.B. 781  
PRINCIPAL CLERK

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SENATE BILL DRS35347-MCxf-182

Short Title: Phase Out Solar Property Tax Exclusion. (Public)

Sponsors: Senator Cook (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PHASE OUT THE SOLAR ENERGY ELECTRIC SYSTEM PROPERTY TAX  
3 EXCLUSION AND REQUIRE THE PROPERTY TAX REVENUE BE USED FOR  
4 SCHOOLS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Effective for taxes imposed for taxable years beginning on or after July  
7 1, 2018, G.S. 105-275(45) reads as rewritten:

8 "(45) Eighty percent (80%) of the appraised value of a solar energy electric  
9 ~~system~~system used for residential use, and sixty percent (60%) of the  
10 appraised value of a solar energy electric system used for nonresidential use.  
11 For purposes of this subdivision, the term "solar energy electric system"  
12 means all equipment used directly and exclusively for the conversion of solar  
13 energy to electricity."

14 **SECTION 2.** Effective for taxes imposed for taxable years beginning on or after July  
15 1, 2019, G.S. 105-275(45), as amended by Section 1 of this act, reads as rewritten:

16 "(45) Eighty percent (80%) of the appraised value of a solar energy electric system  
17 used for residential use, and ~~sixty percent (60%)~~forty percent (40%) of the  
18 appraised value of a solar energy electric system used for non-residential use.  
19 For purposes of this subdivision, the term "solar energy electric system"  
20 means all equipment used directly and exclusively for the conversion of solar  
21 energy to electricity."

22 **SECTION 3.** Effective for taxes imposed for taxable years beginning on or after July  
23 1, 2020, G.S. 105-275(45), as amended by Section 2 of this act, reads as rewritten:

24 "(45) Eighty percent (80%) of the appraised value of a solar energy electric system  
25 used for residential use, and ~~forty percent (40%)~~twenty percent (20%) of the  
26 appraised value of a solar energy electric system used for non-residential use.  
27 For purposes of this subdivision, the term "solar energy electric system"  
28 means all equipment used directly and exclusively for the conversion of solar  
29 energy to electricity."

30 **SECTION 4.** Effective for taxes imposed for taxable years beginning on or after July  
31 1, 2021, G.S. 105-275(45), as amended by Section 3 of this act, reads as rewritten:

32 "(45) Eighty percent (80%) of the appraised value of a solar energy electric system  
33 used for residential use, and ~~twenty percent (20%)~~of the appraised value of a  
34 solar energy electric system used for non-residential use. For purposes of this  
35 subdivision, the term "solar energy electric system" means all equipment used  
36 directly and exclusively for the conversion of solar energy to electricity."



1           **SECTION 5.** G.S. 153A-149 is amended by adding a new subsection to read:

2           "**(b1)** Each county shall calculate the tax expenditure of G.S. 105-275(45) for solar energy  
3 electric systems used for nonresidential use at the percentage provided in that subdivision and at  
4 eighty percent (80%) and shall use the difference between the two calculations for construction  
5 of and repairs and renovations to public school property and facilities, including measures taken  
6 to improve or harden school structures for safety purposes, and associated debt service."

7           **SECTION 6.** Effective for taxes imposed for taxable years beginning on or after July  
8 1, 2021, G.S. 153A-149(b1), as enacted by Section 5 of this act, reads as rewritten:

9           "**(b1)** Each county shall calculate the tax expenditure of G.S. 105-275(45) at the percentage  
10 ~~provided in that subdivision and at eighty percent (80%)~~ revenue generated on solar energy  
11 ~~electric systems used for nonresidential use and shall use the difference between the two~~  
12 ~~calculations~~ revenue for construction of and repairs and renovations to public school property and  
13 facilities, including measures taken to improve or harden school structures for safety purposes,  
14 and associated debt service."

15           **SECTION 7.** There is appropriated from the General Fund to the Department of  
16 Revenue the sum of fifty thousand dollars (\$50,000) in nonrecurring funds for the 2018-2019  
17 fiscal year. The Department shall use the funds appropriated in this section to study the number  
18 of solar energy electric systems affected by the tax changes implemented by this act and the  
19 additional revenue resulting to each county for each year the rate of the exemption changes. The  
20 Department shall report its findings to the Joint Legislative Oversight Committee on Agriculture  
21 and Natural and Economic Resources no later than January 1, 2019, regarding the information  
22 required by this section.

23           **SECTION 8.** Except as otherwise provided, this act becomes effective July 1, 2018.