

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1045  
Finance Committee Substitute Adopted 6/23/93  
Third Edition Engrossed 7/22/93

Short Title: Photovoltaic Equipment Tax Credit.

(Public)

Sponsors:

Referred to: Ways and Means.

May 5, 1993

A BILL TO BE ENTITLED

AN ACT TO BROADEN EXISTING INCOME TAX CREDITS FOR THE PRODUCTION AND INSTALLATION OF SOLAR AND PHOTOVOLTAIC EQUIPMENT BY INCREASING THE AMOUNTS OF THE CREDITS AND EXTENDING THE SOLAR EQUIPMENT CREDITS TO INCLUDE EQUIPMENT THAT GENERATES ELECTRICITY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-130.23 reads as rewritten:

"§ 105-130.23. Credit against corporate income tax for solar ~~hot water, heating and cooling~~ energy equipment.

(a) Any corporation ~~which that~~ causes to be constructed or installed solar ~~hot water, heating or cooling equipment in buildings to include energy equipment for water heating, space heating or cooling, or electricity in~~ residential buildings used or sold by the corporation for commercial or business purposes in North Carolina shall be allowed as a credit against the taxes imposed by this Division, an amount equal to ~~twenty-five percent (25%)~~ forty percent (40%) of the installation and equipment cost of the solar ~~hot water, heating or cooling equipment; provided, that energy equipment.~~ A credit allowed under this section shall not exceed one thousand five hundred dollars ~~(\$1,000)~~ (\$1,500) per system or per year for any single building or each family dwelling unit of a multi-dwelling building which is individually metered for electric power or natural gas or with separate furnace for oil heat paid for by the ~~occupant; provided further, that to occupant.~~ To obtain the credit the taxpayer must own or control the use of the building at the time

1 of the installation, except that in the case of a building constructed or modified for sale  
2 in which ~~a solar system~~ energy equipment is constructed or installed, the credit shall be  
3 allowed to the owner who first occupies the building for use after the construction or  
4 installation of the ~~system~~ equipment or the owner-lessor who first leases the building for  
5 use after the construction or installation of the ~~system~~; ~~provided, further, that the~~  
6 equipment. The credit shall not be allowed to the extent that any of the cost of the  
7 ~~system~~ equipment was provided by federal, State, or local ~~grants; and provided further, that~~  
8 ~~if grants~~. If the credit allowed by this section exceeds the taxes imposed by this  
9 Division reduced by all other credits ~~allowed by the provisions of this Division, such excess~~  
10 allowed, the excess shall be allowed against the taxes imposed by this Division for the  
11 next ~~three~~ five succeeding years.

12 (b) For the purpose of this section, the term '~~solar hot water, heating and cooling~~  
13 ~~equipment~~' energy equipment for water heating, space heating or cooling, or electricity  
14 means any ~~hot water, heating, cooling, or heating and cooling equipment which~~ solar energy  
15 equipment for water heating, space heating or cooling, or electricity that meets the  
16 definitive performance criteria established by the U.S. Secretary of the Treasury or any  
17 other performance criteria approved and published by the Secretary of ~~Revenue, or~~  
18 ~~passive solar systems that meet the eligibility criteria approved and published by the Secretary~~  
19 ~~of Revenue.~~"

20 Sec. 2. G.S. 105-130.28 reads as rewritten:

21 "**§ 105-130.28. Credit against corporate income tax for construction of a**  
22 **photovoltaic equipment facility.**

23 (a) Any corporation that constructs in North Carolina a facility for the production  
24 of photovoltaic equipment shall be allowed a credit against the tax imposed by this  
25 Division equal to ~~twenty percent (20%)~~ twenty-five percent (25%) of the installation and  
26 equipment costs of construction. This credit shall not be allowed to the extent that any  
27 of the costs of the ~~system~~ equipment were provided by federal, State, or local grants. To  
28 secure the credit allowed by this section, the taxpayer must own or control the facility at  
29 the time of construction. The credit allowed by this section may not exceed the amount  
30 of the tax imposed by this Division for the taxable year reduced by the sum of all credits  
31 allowable under this Division, except payments of tax made by or on behalf of the  
32 taxpayer.

33 (b) As used in this section, 'photovoltaic equipment' means those products  
34 designed, manufactured, and produced to convert sunlight directly into ~~electricity without~~  
35 ~~a need for additional generating or conversion equipment.~~ electricity.

36 (c) The amount of credit allowed under this section may be carried over for the  
37 next succeeding five years."

38 Sec. 3. G.S. 105-130.32 reads as rewritten:

39 "**§ 105-130.32. Credit against corporate income tax for installation of solar energy**  
40 **equipment for the production of industrial or process heat, commercial or**  
41 **industrial water heating, space heating or cooling, or electricity.**

42 (a) Any corporation that constructs or installs solar energy equipment for the  
43 production of heat or electricity in the manufacturing or service processes of its business  
44 located in this State shall be allowed a credit against the tax imposed by this Division

1 equal to ~~twenty percent (20%)~~ thirty-five percent (35%) of the installation and equipment  
2 costs of the solar energy equipment. The credit allowed under this section may not  
3 exceed ~~eight twenty-five thousand dollars (\$8,000)~~ (\$25,000) for any single installation.  
4 This credit shall not be allowed to the extent that any of the costs of the ~~system~~  
5 equipment were provided by federal, State, or local grants. To secure the credit allowed  
6 by this section, the taxpayer must own or control the business at the time the solar  
7 energy equipment is installed. The credit allowed by this section may not exceed the  
8 amount of the tax imposed by this Division for the taxable year reduced by the sum of  
9 all credits allowable under this Division, except payments of tax made by or on behalf  
10 of the taxpayer.

11 (b) As used in this section, 'solar energy equipment' means equipment and  
12 materials designed to collect, store, transport, or control energy derived directly from  
13 the sun."

14 Sec. 4. G.S. 105-151.2 reads as rewritten:

15 "**§ 105-151.2. Credit for solar ~~hot water, heating, and cooling~~ energy equipment.**

16 (a) A person or partnership who causes to be constructed or installed a solar ~~hot~~  
17 ~~water, heating, or cooling system~~ energy equipment for water heating, space heating or  
18 cooling, or electricity in any building in North Carolina shall be allowed as a credit  
19 against the tax imposed by this Division an amount equal to ~~twenty-five percent (25%)~~  
20 forty percent (40%) of the installation and equipment cost of the solar ~~hot water, heating,~~  
21 ~~or cooling equipment; provided, that the~~ energy equipment. A credit allowed under this  
22 section ~~may~~ shall not exceed one thousand five hundred dollars ~~(\$1,000)~~ (\$1,500) per  
23 system or per year on any single building or for each family dwelling unit of a multi-  
24 dwelling building which is individually metered for electric power or natural gas or with  
25 separate furnace for oil heat paid for by the ~~occupant; provided further, that to~~ occupant.  
26 To obtain the credit the taxpayer must own or control the use of the building at the time  
27 of the installation, except that in the case of a building constructed or modified for sale  
28 in which a solar ~~system~~ energy equipment is constructed or installed, the credit shall be  
29 allowed to the owner who first occupies the building for use after the construction or  
30 installation of the ~~system~~ equipment or the owner-lessor who first leases the building for  
31 use after the construction or installation of the ~~system~~ equipment; provided further, that the  
32 equipment. The credit shall not be allowed to the extent that any of the cost of the  
33 ~~system~~ equipment was provided by federal, State, or local grants; and provided further, that  
34 if grants. If the credit allowed by this section exceeds the taxes imposed by this  
35 Division reduced by all other credits ~~allowed by the provisions of this Division~~ allowed,  
36 the excess shall be allowed against the taxes imposed by this Division for the next ~~three~~  
37 five succeeding years.

38 (b) In the case of property owned by the entirety, if both spouses are required to  
39 file North Carolina income tax returns, the credit allowed by this section may be  
40 claimed only if the spouses file a joint return. If only one spouse is required to file a  
41 North Carolina income tax return, that spouse may claim the credit allowed by this  
42 section on a separate return.

43 (c) For the purpose of this section, the term 'solar ~~hot water, heating, and cooling~~  
44 equipment' energy equipment for water heating, space heating or cooling, or electricity'

1 means any ~~hot water, heating, cooling, or heating and cooling equipment which~~ solar energy  
2 equipment for water heating, space heating or cooling, or electricity that meets the  
3 definitive performance criteria established by the U.S. Secretary of the Treasury or any  
4 other performance criteria approved and published by the Secretary ~~of Revenue, or~~  
5 ~~passive solar systems that meet the eligibility criteria approved and published by the Secretary~~  
6 of Revenue."

7 Sec. 5. G.S. 105-151.8 reads as rewritten:

8 "**§ 105-151.8. Credit for installation of solar energy equipment for the production of**  
9 **industrial or process heat, commercial or industrial water heating, space**  
10 **heating or cooling, or electricity.**

11 (a) A person who constructs or installs solar energy equipment for the production  
12 of heat or electricity in the manufacturing or service processes of ~~his~~ the person's  
13 business located in this State shall be allowed as a credit against the tax imposed by this  
14 Division an amount equal to ~~twenty percent (20%)~~ thirty-five percent (35%) of the  
15 installation and equipment costs of the solar energy equipment. The credit allowed  
16 under this section may not exceed ~~eight-twenty-five thousand dollars (\$8,000)~~ (\$25,000)  
17 for any single installation. This credit shall not be allowed to the extent that any of the  
18 costs of the system equipment were provided by federal, State, or local grants. To secure  
19 the credit allowed by this section, the taxpayer must own or control the business at the  
20 time the solar energy equipment is installed. The credit allowed by this section may not  
21 exceed the amount of tax imposed by this Division for the taxable year reduced by the  
22 sum of all credits allowable under this Division, except payment of tax made by or on  
23 behalf of the taxpayer. In no case shall a tax credit be allowed under both this section  
24 and G.S. 105-151.2.

25 (b) In the case of property owned by the entirety, if both spouses are required to  
26 file North Carolina income tax returns, the credit allowed by this section may be  
27 claimed only if the spouses file a joint return. If only one spouse is required to file a  
28 North Carolina income tax return, that spouse may claim the credit allowed by this  
29 section on a separate return.

30 (c) As used in this section, 'solar energy equipment' means equipment and  
31 materials designed to collect, store, transport, or control energy derived directly from  
32 the sun."

33 Sec. 6. This act is effective for taxable years beginning on or after January 1,  
34 1993.