

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1045

Short Title: Photovoltaic Equipment Tax Credit.

(Public)

Sponsors: Senator Allran.

Referred to: Finance.

May 5, 1993

A BILL TO BE ENTITLED

AN ACT TO PROVIDE INCOME TAX CREDITS FOR THE PRODUCTION AND
INSTALLATION OF PHOTOVOLTAIC EQUIPMENT.

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 and photovoltaic hot water, heating-heating, and cooling.

(a) Any corporation which causes to be constructed or installed solar or photovoltaic hot water, heating-heating, or cooling equipment in buildings to include 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%)~~ fifty percent (50%) of the installation and equipment cost of the solar or photovoltaic hot water, heating-heating, or cooling equipment; ~~provided, that equipment.~~ A credit allowed under this section shall not exceed ~~one-two thousand dollars (\$1,000)~~ (\$2,000) 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 of the installation, except that in the case of a building constructed or modified for sale in which a solar or photovoltaic system is constructed or installed, the credit shall be allowed to the owner who first occupies the building for use after the construction or installation of the system or the owner-lessor who first leases the building for use after the construction or installation of the system; ~~provided, further, that the system.~~ The credit shall not be

1 allowed to the extent that any of the cost of the system was provided by federal, State,
2 or local grants; and provided further, that if grants. If the credit allowed by this section
3 exceeds the taxes imposed by this Division reduced by all other credits allowed by the
4 provisions of this Division, such excess allowed, the excess shall be allowed against the
5 taxes imposed by this Division for the next ~~three~~ five succeeding years.

6 (b) For the purpose of this section, the term 'solar hot water, ~~heating~~ heating, and
7 cooling equipment' means any hot water, heating, cooling, or heating and cooling
8 equipment which meets the definitive performance criteria established by the U.S.
9 Secretary of the Treasury or any other performance criteria approved and published by
10 the Secretary of Revenue, or passive solar systems that meet the eligibility criteria
11 approved and published by the Secretary of Revenue. For the purpose of this section,
12 the term 'photovoltaic hot water, heating, and cooling equipment' means hot water,
13 heating, cooling, or heating and cooling equipment that converts sunlight directly into
14 electricity without a need for additional generating or conversion equipment."

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

16 **"§ 105-130.28. Credit against corporate income tax for construction of a**
17 **photovoltaic equipment facility.**

18 (a) Any corporation that constructs in North Carolina a facility for the production
19 of photovoltaic equipment shall be allowed a credit against the tax imposed by this
20 Division equal to ~~twenty percent (20%)~~ fifty percent (50%) of the installation and
21 equipment costs of construction. This credit shall not be allowed to the extent that any
22 of the costs of the system were provided by federal, State, or local grants. To secure the
23 credit allowed by this section, the taxpayer must own or control the facility at the time
24 of construction. The credit allowed by this section may not exceed the amount of the tax
25 imposed by this Division for the taxable year reduced by the sum of all credits
26 allowable under this Division, except payments of tax made by or on behalf of the
27 taxpayer.

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

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

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

34 **"§ 105-130.32. Credit against corporate income tax for installation of solar and**
35 **photovoltaic equipment for the production of industrial or process heat.**

36 (a) Any corporation that constructs or installs solar or photovoltaic equipment for
37 the production of heat in the manufacturing or service processes of its business located
38 in this State shall be allowed a credit against the tax imposed by this Division equal to
39 ~~twenty percent (20%)~~ fifty percent (50%) of the installation and equipment costs of the
40 solar equipment. The credit allowed under this section may not exceed eight thousand
41 dollars (\$8,000) for any single installation. This credit shall not be allowed to the extent
42 that any of the costs of the system were provided by federal, State, or local grants. To
43 secure the credit allowed by this section, the taxpayer must own or control the business
44 at the time the solar equipment is installed. The credit allowed by this section may not

1 exceed the amount of the tax imposed by this Division for the taxable year reduced by
2 the sum of all credits allowable under this Division, except payments of tax made by or
3 on behalf of the taxpayer.

4 (b) As used in this section, 'solar equipment' means equipment and materials
5 designed to collect, store, transport, or control energy derived directly from the sun. As
6 used in this section, 'photovoltaic equipment' means those products designed to convert
7 sunlight directly into electricity without a need for additional generating or conversion
8 equipment."

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

10 "**§ 105-151.2. Credit for solar and photovoltaic hot water, heating, and cooling.**

11 (a) A person or partnership who causes to be constructed or installed a solar or
12 photovoltaic hot water, heating, or cooling system in any building in North Carolina
13 shall be allowed as a credit against the tax imposed by this Division an amount equal to
14 ~~twenty five percent (25%)~~ fifty percent (50%) of the installation and equipment cost of
15 the solar hot water, heating, or cooling ~~equipment; provided, that the~~ equipment. The
16 credit allowed under this section may not exceed ~~one two thousand dollars (\$1,000)~~
17 (\$2,000) per system or per year on any single building or for each family dwelling unit
18 of a multi-dwelling building which is individually metered for electric power or natural
19 gas or with separate furnace for oil heat paid for by the ~~occupant; provided further, that to~~
20 occupant. To obtain the credit the taxpayer must own or control the use of the building
21 at the time of the installation, except that in the case of a building constructed or
22 modified for sale in which a solar system is constructed or installed, the credit shall be
23 allowed to the owner who first occupies the building for use after the construction or
24 installation of the system or the owner-lessor who first leases the building for use after
25 the construction or installation of the ~~system; provided further, that the~~ system. The credit
26 shall not be allowed to the extent that any of the cost of the system was provided by
27 federal, State, or local ~~grants; and provided further, that if~~ grants. If the credit allowed by
28 this section exceeds the taxes imposed by this Division reduced by all other credits
29 ~~allowed by the provisions of this Division, allowed,~~ the excess shall be allowed against the
30 taxes imposed by this Division for the next ~~three five~~ succeeding years.

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

36 (c) For the purpose of this section, the term 'solar hot water, heating, and cooling
37 equipment' means any hot water, heating, cooling, or heating and cooling equipment
38 which meets the definitive performance criteria established by the U.S. Secretary of the
39 Treasury or any other performance criteria approved and published by the Secretary of
40 Revenue, or passive solar systems that meet the eligibility criteria approved and
41 published by the Secretary of Revenue. For the purpose of this section, the term
42 'photovoltaic hot water, heating, and cooling equipment' means hot water, heating,
43 cooling, or heating and cooling equipment that converts sunlight directly into electricity
44 without a need for additional generating or conversion equipment."

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

2 "**§ 105-151.8. Credit for installation of solar and photovoltaic equipment for the**
3 **production of industrial or process heat.**

4 (a) A person who constructs or installs solar or photovoltaic equipment for the
5 production of heat in the manufacturing or service processes of his business located in
6 this State shall be allowed as a credit against the tax imposed by this Division an
7 amount equal to ~~twenty percent (20%)~~ fifty percent (50%) of the installation and
8 equipment costs of the solar equipment. The credit allowed under this section may not
9 exceed eight thousand dollars (\$8,000) for any single installation. This credit shall not
10 be allowed to the extent that any of the costs of the system were provided by federal,
11 State, or local grants. To secure the credit allowed by this section, the taxpayer must
12 own or control the business at the time the solar equipment is installed. The credit
13 allowed by this section may not exceed the amount of tax imposed by this Division for
14 the taxable year reduced by the sum of all credits allowable under this Division, except
15 payment of tax made by or on behalf of the taxpayer. In no case shall a tax credit be
16 allowed under both this section and G.S. 105-151.2.

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

22 (c) As used in this section, 'solar equipment' means equipment and materials
23 designed to collect, store, transport, or control energy derived directly from the sun. As
24 used in this section, 'photovoltaic equipment' means those products designed to convert
25 sunlight directly into electricity without a need for additional generating or conversion
26 equipment."

27 Sec. 6. This act is effective for taxable years beginning on or after January 1,
28 1993.