

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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**HOUSE BILL 1636
Committee Substitute Favorable 6/29/04
Senate Finance Committee Substitute Adopted 7/15/04**

Short Title: Renewable Fuel Tax Credits.

(Public)

Sponsors:

Referred to:

May 24, 2004

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE TAX CREDITS FOR DISPENSING AND PROCESSING
3 RENEWABLE FUELS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-129.15 is amended by adding a new subdivision to
6 read:

7 "(8) Renewable fuel. – Either of the following:

8 a. Biodiesel, as defined in G.S. 105-449.60.

9 b. Ethanol either unmixed or in mixtures with gasoline that are
10 seventy percent (70%) or more ethanol by volume."

11 **SECTION 2.** Article 3B of Chapter 105 of the General Statutes is amended
12 by adding the following new section to read:

13 **"§ 105-129.16D. Credit for constructing renewable fuel facilities.**

14 (a) Dispensing Credit. – A taxpayer that constructs and installs and places in
15 service in this State a qualified commercial facility for dispensing renewable fuel is
16 allowed a credit equal to fifteen percent (15%) of the cost to the taxpayer of
17 constructing and installing the part of the dispensing facility, including pumps, storage
18 tanks, and related equipment, that is directly and exclusively used for dispensing or
19 storing renewable fuel. A facility is qualified if the equipment used to store or dispense
20 renewable fuel is labeled for this purpose and clearly identified as associated with
21 renewable fuel.

22 The entire credit may not be taken for the taxable year in which the facility is placed
23 in service but must be taken in three equal annual installments beginning with the
24 taxable year in which the facility is placed in service. If, in one of the years in which the
25 installment of a credit accrues, the portion of the facility directly and exclusively used
26 for dispensing or storing renewable fuel is disposed of or taken out of service, the credit
27 expires and the taxpayer may not take any remaining installment of the credit. The

1 taxpayer may, however, take the portion of an installment that accrued in a previous
2 year and was carried forward to the extent permitted under G.S. 105-129.17.

3 (b) Production Credit. – A taxpayer that constructs and places in service in this
4 State a commercial facility for processing renewable fuel is allowed a credit equal to
5 twenty-five percent (25%) of the cost to the taxpayer of constructing and equipping the
6 facility. The entire credit may not be taken for the taxable year in which the facility is
7 placed in service but must be taken in seven equal annual installments beginning with
8 the taxable year in which the facility is placed in service. If, in one of the years in which
9 the installment of a credit accrues, the facility with respect to which the credit was
10 claimed is disposed of or taken out of service, the credit expires and the taxpayer may
11 not take any remaining installment of the credit. The taxpayer may, however, take the
12 portion of an installment that accrued in a previous year and was carried forward to the
13 extent permitted under G.S. 105-129.17.

14 (c) No Double Credit. – A taxpayer that claims any other credit allowed under
15 this Chapter with respect to the costs of constructing and installing a facility may not
16 take the credit allowed in this section with respect to the same costs.

17 (d) Sunset. – This section is repealed effective for facilities placed in service on
18 or after January 1, 2008."

19 **SECTION 3.** This act becomes effective for taxable years beginning on or
20 after January 1, 2005.