

- 1 subscriber and at least 10,000,000 bits per second from the subscriber
2 to the server.
- 3 (4e) Nonresidential subscriber. – A person or entity that purchases
4 broadband services that are delivered to the permanent place of
5 business of that person or entity.
- 6 (5) Purchase. – Defined in section 179 of the Code.
- 7 (5c) Qualified equipment. – Equipment capable of providing
8 current-generation broadband services or next-generation broadband
9 services at any time to each subscriber who is utilizing these services.
- 10 (5d) Qualified expenditure. – Any amount chargeable to a capital account
11 with respect to the purchase and installation of qualified equipment,
12 including any upgrades to the qualified equipment, for which
13 depreciation is allowable under section 168 of the Code.
- 14 (6) Renewable biomass resources. – Organic matter produced by
15 terrestrial and aquatic plants and animals, such as standing vegetation,
16 aquatic crops, forestry and agricultural residues, landfill wastes, and
17 animal wastes.
- 18 (7) Renewable energy property. – Any of the following machinery and
19 equipment or real property:
- 20 a. Biomass equipment that uses renewable biomass resources for
21 biofuel production of ethanol, methanol, and biodiesel;
22 anaerobic biogas production of methane utilizing agricultural
23 and animal waste or garbage; or commercial thermal or
24 electrical generation from renewable energy crops or wood
25 waste materials. The term also includes related devices for
26 converting, conditioning, and storing the liquid fuels, gas, and
27 electricity produced with biomass equipment.
- 28 b. Hydroelectric generators located at existing dams or in
29 free-flowing waterways, and related devices for water supply
30 and control, and converting, conditioning, and storing the
31 electricity generated.
- 32 c. Solar energy equipment that uses solar radiation as a substitute
33 for traditional energy for water heating, active space heating
34 and cooling, passive heating, daylighting, generating electricity,
35 distillation, desalination, detoxification, or the production of
36 industrial or commercial process heat. The term also includes
37 related devices necessary for collecting, storing, exchanging,
38 conditioning, or converting solar energy to other useful forms
39 of energy.
- 40 d. Wind equipment required to capture and convert wind energy
41 into electricity or mechanical power, and related devices for
42 converting, conditioning, and storing the electricity produced.
- 43 (8) Residential subscriber. – An individual who purchases broadband
44 services that are delivered to the individual's dwelling.

- 1 (9) Rural subscriber. – A subscriber located in a rural area.
- 2 (10) Rural area. – Any census tract that is not within 10 miles of any
- 3 incorporated municipality or census-designated place with a
- 4 population of more than 25,000 and that is not within a county that has
- 5 an overall population density of more than 500 people per square mile
- 6 of land.
- 7 (11) Subscriber. – A person who purchases current generation broadband
- 8 services or next-generation broadband services.
- 9 (12) Underserved subscriber. – A subscriber located in an underserved area.
- 10 (13) Underserved area. – Any census tract that meets one of the following
- 11 conditions:
- 12 a. The poverty level of the census tract is at least thirty percent
- 13 (30%) based on the most recent census data.
- 14 b. The median family income level of the census tract does not
- 15 exceed:
- 16 1. If in a metropolitan statistical area, seventy percent
- 17 (70%) of the greater of the median family income of the
- 18 metropolitan statistical area or the statewide median
- 19 family income.
- 20 2. If in a nonmetropolitan statistical area, seventy percent
- 21 (70%) of the nonmetropolitan statewide median family
- 22 income."

23 **SECTION 2.** Article 3B of Chapter 105 of the General Statutes is amended

24 by adding a new section to read:

25 **"§ 105-129.16D. Broadband Internet access tax credit.**

26 (a) Credit. – A taxpayer is allowed a credit under this Article equal to the sum of

27 the following credits for which the taxpayer qualifies:

- 28 (1) Current-generation broadband credit. – A taxpayer is allowed a credit
- 29 equal to ten percent (10%) of the qualified expenditures incurred with
- 30 respect to qualified equipment offering current-generation broadband
- 31 services to rural subscribers or underserved subscribers.
- 32 (2) Next-generation broadband credit. – A taxpayer is allowed a credit
- 33 equal to twenty percent (20%) of the qualified expenditures incurred
- 34 with respect to qualified equipment offering next-generation
- 35 broadband services to rural subscribers, underserved subscribers, and
- 36 other residential subscribers.

37 (b) Definition. – For the purpose of this section, the offer of current-generation

38 broadband services or next-generation broadband services through qualified equipment

39 occurs when the class of service is purchased by and provided to at least ten percent

40 (10%) of the subscribers described in subsection (a) of this section that the equipment is

41 capable of serving through the legal or contractual area access rights or obligations of

42 the taxpayer.

43 (c) Application. – The credit may not be taken for the year in which the qualified

44 expenditures are made but must be taken for the taxable year beginning during the

1 calendar year following the calendar year in which the payments were made. To be
2 eligible for the credit, a taxpayer must file an application for the credit with the
3 Secretary of Revenue on or before April 15 following the calendar year in which the
4 payments were made. The application must be on a form prescribed by the Secretary
5 and must include any supporting documentation the Secretary requires.

6 (d) Ceiling. – The total amount of all tax credits allowed to taxpayers under this
7 section may not exceed seven hundred fifty thousand dollars (\$750,000) per taxable
8 year. The Secretary of Revenue must calculate the total amount of tax credits claimed
9 from the applications filed pursuant to subsection (c) of this section. If the total amount
10 of tax credits claimed for payments made in a calendar year exceeds seven hundred fifty
11 thousand dollars (\$750,000), the Secretary must allow a portion of the credits claimed
12 by allocating the total allowable amount among all taxpayers claiming the credits in
13 proportion to the size of the credit claimed by each taxpayer.

14 If a credit claimed under this section is reduced as provided in this subsection, the
15 Secretary must notify the taxpayer of the amount of the reduction of the credit on or
16 before December 31 of the year the taxpayer applied for the credit. The amount of the
17 reduction of the credit may be carried forward and claimed for the next succeeding 10
18 years if the taxpayer reapplies for a credit for the amount of the reduction, as provided
19 in subsection (c) of this section. In the reapplication, the payments for which a credit is
20 claimed are considered as if they had been made in the year preceding the reapplication.
21 The Secretary's allocations under this subsection are final and are not adjusted to
22 account for credits applied for but not claimed."

23 **SECTION 3.** G.S. 105-129.19 reads as rewritten:

24 **"§ 105-129.19. Reports.**

25 The Department of Revenue must report to the Revenue Laws Study Committee and
26 to the Fiscal Research Division of the General Assembly by May 1 of each year the
27 following information for the 12-month period ending the preceding April 1:

- 28 (1) The number of taxpayers that claimed the credits allowed in this
29 Article.
- 30 (2) The cost of ~~business property and renewable energy~~each type of
31 property with respect to which credits were claimed.
- 32 (2a) Repealed by Session Laws 2002-87, s. 6, effective August 22, 2002.
- 33 (3) The total cost to the General Fund of the credits claimed."

34 **SECTION 4.** This act becomes effective for taxable years beginning on or
35 after January 1, 2004.