

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH30632-MC-231 (5/1)

Short Title: Tax Credit for Renewable Energy Equipment. (Public)

Sponsors: Representatives Harrison and T. Harrell (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW A TAX CREDIT TO CONTRIBUTORS TO A TAXING ENTITY FOR RENEWABLE ENERGY PROPERTY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3B of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-129.16I. Credit for donating funds to a taxing entity to enable the entity to acquire renewable energy property.

(a) Credit. – A taxpayer who donates money to a taxing entity for the purpose of providing funds for the entity to construct, purchase, or lease renewable energy property is allowed a credit under this section if the taxing entity uses the donation for its intended purpose. The amount of the credit allowed in this section is the taxpayer's share of the credit the taxing entity could claim under G.S. 105-129.16A if the taxing entity were subject to tax. The taxpayer's share of the credit is calculated by dividing the taxpayer's donation by the cost of the renewable energy property constructed, purchased, or leased by the taxing entity and placed in service during the taxable year and then multiplying this percentage by the amount of the credit the taxing entity could claim if it were subject to tax. A taxpayer must take the credit allowed by this section in the year in which the property is placed in service. The installment requirements in G.S. 105-129.16A for nonresidential property do not apply to the credit allowed in this section.

(b) Records. – A taxing entity must keep a record of all donations it receives for the purpose of providing funds for the organization to construct, purchase, or lease renewable energy property and of the amount of the donations used for this purpose. If a taxing entity places renewable energy property in service that is purchased in whole or in part from donations made for this purpose, the taxing entity must give each taxpayer who made a donation a statement setting out the amount of the credit for which the

1 taxpayer qualifies under this section. The statement must describe the renewable energy
2 property placed in service and state the cost of the property, the amount of the credit the
3 taxing entity could claim under G.S. 105-129.16A if it were subject to tax, and the
4 taxpayer's share of the credit allowed in this section. If the donations made for the
5 renewable energy property exceed the cost of the property, the taxing entity must
6 prorate each taxpayer's share of the credit. The sum of the credits allowed under this
7 section to taxpayers who make donations to a taxing entity may not exceed the amount
8 of the credit the taxing entity could claim under G.S. 105-129.16A if it were subject to
9 tax.

10 (c) No Double Benefit. – A taxpayer who claims a credit under this section based
11 on a donation to a taxing entity is not allowed to deduct this donation as a charitable
12 contribution."

13 **SECTION 2.** G.S. 105-130.5(a) is amended by adding a new subdivision to
14 read:

15 "(a) The following additions to federal taxable income shall be made in
16 determining State net income:

17 ...

18 (21) The amount of a donation made to a taxing entity for which a credit is
19 claimed under G.S. 105-129.16I."

20 **SECTION 3.** G.S. 105-134.6(c) is amended by adding a new subdivision to
21 read:

22 "(c) Additions. – The following additions to taxable income shall be made in
23 calculating North Carolina taxable income, to the extent each item is not included in
24 taxable income:

25 ...

26 (5c) The amount of a donation made to a taxing entity for which a credit is
27 claimed under G.S. 105-129.16I."

28 **SECTION 4.** G.S. 105-259(b) is amended by adding a new section to read:

29 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State
30 who has access to tax information in the course of service to or employment by the State
31 may not disclose the information to any other person unless the disclosure is made for
32 one of the following purposes:

33 ...

34 (39) To verify with a taxing entity information relating to eligibility for a
35 credit under G.S. 105-129.16I."

36 **SECTION 5.** This act is effective for taxable years beginning on or after
37 January 1, 2008.