

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS85184-LY-175 (3/13)

Short Title: Alternative Fuel Vehicle Tax Credit. (Public)

Sponsors: Senators Jenkins, and Albertson.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CREATE A TAX CREDIT FOR THE PURCHASE OR LEASE OF
ALTERNATIVE FUEL VEHICLES TO HELP REDUCE DEPENDENCE ON
IMPORTED PETROLEUM AND IMPROVE AIR QUALITY.

The General Assembly of North Carolina enacts:

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

"Article 3H.

"Alternative Fuel Vehicle Tax Credit.

"§ 105-129.70. Definitions.

The following definitions apply in this Article:

(1) Alternative fuel vehicle. – An original equipment manufactured motor vehicle that operates on compressed natural gas, propane, or electricity or a hybrid electric vehicle.

(2) Hybrid electric vehicle. – A motor vehicle with a hybrid propulsion system that operates on both electricity and a petroleum-based motor fuel.

(3) Long-term lease. – Defined in G.S. 105-187.1.

(3) Motor vehicle. – Defined in G.S. 105-164.3.

"§ 105-129.71. Credit for purchasing or leasing an alternative fuel vehicle.

A taxpayer that purchases or leases, pursuant to a long-term lease, a new alternative fuel vehicle is allowed a credit in the amount of two thousand dollars (\$2,000). In order to be eligible for the credit allowed by this section, the vehicle must have a gross vehicle weight of less than 10,000 pounds and must be registered in this State. A taxpayer may claim a credit under this section for each qualified purchase or lease. The credit allowed under this section is allowed only to the first individual to take title to the motor vehicle other than for resale. A taxpayer may not take the credit allowed in this

1 section for an alternative fuel vehicle the taxpayer leases from another unless the
2 taxpayer obtains the lessor's written certification that the lessor will not claim a credit
3 under this Article with respect to the alternative fuel vehicle.

4 **"§ 105-129.72. Tax credited; limitations.**

5 (a) Tax Credited. – The credit allowed in this Article is allowed against the
6 franchise tax levied in Article 3 of this Chapter or the income taxes levied in Article 4
7 of this Chapter. The taxpayer must elect the tax against which a credit will be claimed
8 when filing the return on which the credit is first claimed. This election is binding. Any
9 carryforwards of a credit must be claimed against the same tax.

10 (b) Limitations. – A credit must be taken for the taxable year in which the
11 property is purchased or leased. A credit allowed under this Article may not exceed the
12 amount of the tax against which it is claimed for the taxable year reduced by the sum of
13 all credits allowed. Any unused portion of the credit may be carried forward for the
14 succeeding five years.

15 **"§ 105-129.73. Substantiation.**

16 To claim a credit allowed by this Article, the taxpayer must provide any information
17 required by the Secretary of Revenue. The burden of proving eligibility for a credit and
18 the amount of the credit rests upon the taxpayer, and no credit may be allowed to a
19 taxpayer that fails to maintain adequate records or to make them available for
20 inspection.

21 **"§ 105-129.74. Reports.**

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

25 (1) The number of vehicles for which taxpayers claimed the credit allowed
26 in this Article, by taxpayer type.

27 (2) The total cost to the General Fund of the credits claimed.

28 **"§ 105-129.75. Sunset.**

29 This Article is repealed effective for alternative fuel vehicles purchased or leased on
30 or after January 1, 2011."

31 **SECTION 2.** This act is effective for taxable years beginning on or after
32 January 1, 2005.