

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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HOUSE BILL 1636  
Committee Substitute Favorable 6/29/04

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

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

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

15       (d) Sunset. – This section is repealed for taxable years beginning on or after  
16 January 1, 2010."

17       **SECTION 3.** The remainder of this act becomes effective for taxable years  
18 beginning on or after January 1, 2005.