

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 625

Short Title: Advanced Vehicle Research Center Incentive. (Public)

Sponsors: Representatives L. Allen, Wray, Tolson, Owens (Primary Sponsors); and Faison.

Referred to: Finance.

March 14, 2005

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AN INVESTMENT INCENTIVE AND AN APPROPRIATION FOR AN ADVANCED VEHICLE RESEARCH CENTER AND AUTOMOTIVE PROVING GROUND IN NORTHAMPTON COUNTY AND TO MAKE TECHNICAL CORRECTIONS.

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:

**"§ 105-129.16E. Credit for advanced vehicle research center.**

(a) Definitions. – The following definitions apply in this section:

(1) Advanced vehicle research center. – A facility primarily used to conduct transportation research, development, and testing on vehicles utilizing advanced technologies, including hybrid and multifuel systems, hydrogen and fuel cells, and nonfossil fuel technology.

(2) Advanced vehicle research entity. – An entity chartered to operate an advanced vehicle research center in the State.

(3) Related entity. – Defined in G.S. 105-130.7A.

(b) Credit. – A taxpayer that contributes cash or property to an advanced vehicle research entity for construction or operation of an advanced vehicle research center that is located in an enterprise tier one area at the time of the contribution is allowed a credit equal to the value of the contribution. A contribution is for construction or operation of an advanced vehicle research center if the advanced vehicle research entity receiving the contribution contracts in writing to use the contribution for this purpose and agrees in the contract to repay to the taxpayer, with interest, any part of the contribution not used for this purpose. The credit may not be taken for the year in which the contribution is made but must be taken for the taxable year beginning during the calendar year in which the application for the credit becomes effective as provided in this section.

1       (c) Limitations. – No credit is allowed to a taxpayer that is a related entity with  
2 respect to the advanced vehicle research entity. No credit is allowed to the extent the  
3 taxpayer receives anything of value in exchange for the contribution.

4       (d) Application. – To be eligible for the tax credit provided in this section, the  
5 taxpayer must request the credit on an application filed with the Secretary on or before  
6 April 15 of the year following the calendar year in which the contribution was made.  
7 The Secretary may grant extensions of this deadline, as the Secretary finds appropriate,  
8 upon the request of the taxpayer, except that the application may not be filed after  
9 September 15 of the year following the calendar year in which the contribution was  
10 made. An application is effective for the year in which it is timely filed. The application  
11 must be on a form prescribed by the Secretary and must include any supporting  
12 documentation that the Secretary may require.

13       (e) Ceiling. – The total amount of all tax credits allowed to taxpayers under this  
14 section for contributions made in a calendar year may not exceed a maximum of seven  
15 million five hundred thousand dollars (\$7,500,000). The Secretary of Revenue must  
16 calculate the total amount of tax credits requested on the applications filed under this  
17 section. If the total amount of tax credits requested for contributions made in a calendar  
18 year exceeds the maximum amount, the Secretary must allow a portion of the credits  
19 requested by allocating the maximum amount in tax credits in proportion to the size of  
20 the credit requested by each taxpayer. If a credit is reduced pursuant to this subsection,  
21 the Secretary must notify the taxpayer of the amount of the reduction of the credit on or  
22 before December 31 of the year the application was filed. The Secretary's allocations  
23 based on applications filed pursuant to this section are final and will not be adjusted to  
24 account for credits applied for but not claimed.

25       (f) Forfeiture. – A taxpayer forfeits a credit allowed under this section to the  
26 extent the advanced vehicle research entity uses the taxpayer's contribution for any  
27 purpose other than construction or operation of an advanced vehicle research center  
28 located in an enterprise tier one area. A taxpayer that forfeits a credit under this section  
29 is liable for all past taxes avoided as a result of the credit plus interest at the rate  
30 established under G.S. 105-241.1(i), computed from the date the taxes would have been  
31 due if the credit had not been allowed. The past taxes and interest are due 30 days after  
32 the date the credit is forfeited; a taxpayer that fails to pay the past taxes and interest by  
33 the due date is subject to the penalties provided in G.S. 105-236.

34       (g) No Double Benefit. – In computing North Carolina taxable income, the  
35 taxpayer must add to federal taxable income the amount of any contribution to an  
36 advanced vehicle research center that was deducted under the Code to the extent the  
37 contribution was used to calculate a credit under this section.

38       (h) Sunset. – This section expires effective for taxable years beginning on or after  
39 January 1, 2008."

40       **SECTION 2.** There is appropriated from the General Fund to Northampton  
41 County the sum of seven million five hundred thousand dollars (\$7,500,000) for the  
42 2005-2006 fiscal year and the sum of seven million five hundred thousand dollars  
43 (\$7,500,000) for the 2006-2007 fiscal year for the construction and operation of an  
44 advanced vehicle research center and automotive proving ground.

1           **SECTION 3.** G.S. 105-129.15A is repealed.

2           **SECTION 4.** G.S. 105-129.16 is repealed.

3           **SECTION 5.** G.S. 105-129.16A is amended by adding a new subsection to  
4 read:

5           "(e) Sunset. – This section is repealed for renewable energy property placed in  
6 service on or after January 1, 2006."

7           **SECTION 6.** G.S. 105-129.16C is amended by adding a new subsection to  
8 read:

9           "(d) Sunset. – This section is repealed for taxable years beginning on or after  
10 January 1, 2006."

11           **SECTION 7.** Section 2 of this act becomes effective July 1, 2005. Section 1  
12 of this act is effective for taxable years beginning on or after January 1, 2005, and  
13 applies to contributions made on or after July 1, 2005. The remainder of this act is  
14 effective when it becomes law.