

NORTH CAROLINA GENERAL ASSEMBLY  
1979 SESSION

CHAPTER 1265  
HOUSE BILL 1554

AN ACT TO GIVE AN INVESTMENT TAX CREDIT TO FUEL ETHANOL DISTILLERS.

The General Assembly of North Carolina enacts:

**Section 1.** A new section is added to the General Statutes to read:

**"§ 105-130.27. Credit against corporate income tax for construction of a fuel ethanol distillery.** — (a) Any corporation which constructs in North Carolina a distillery to make ethanol from agricultural or forestry products for use as a motor fuel shall be allowed a credit against the tax imposed by this division equal to twenty percent (20%) of the installation and equipment costs of construction, and an additional ten percent (10%) of those costs if the distillery is powered primarily by use of an alternative fuel source. In order to secure the credit allowed by this section, the taxpayer must own or control the distillery at the time of construction, and payment for the installation and equipment must be made by the taxpayer during the tax year for which the credit is claimed. The amount of the credit allowed for any one income year shall be limited to twenty percent (20%) of the costs paid during the year, or thirty percent (30%) of those costs if the distillery is powered primarily by use of an alternative fuel source. Invoices or receipts shall be furnished to substantiate a claim or a credit under this section if requested by the Secretary of Revenue. The credit allowed by this section shall not exceed the amount of the tax imposed by this division for the taxable year reduced by the sum of all credits allowable under this division, except for payments of tax made by or on behalf of the taxpayer.

(b) For purposes of this section, 'alternative fuel source' includes agricultural and forestry products, waste petroleum products, and peat, but does not include other petroleum products, coal, or natural gas.

(c) The amount of credit allowed under this section may be carried over for the next succeeding five years."

**Sec. 2.** A new section is added to the General Statutes to read:

**"§ 105-151.6. Credit against personal income tax for construction of a fuel ethanol distillery.** — (a) Any person who constructs in North Carolina a distillery to make ethanol from agricultural or forestry products for use as a motor fuel shall be allowed a credit against the tax imposed by this division equal to twenty percent (20%) of the installation and equipment costs of construction, and an additional ten percent (10%) of those costs if the distillery is powered primarily by use of an alternative fuel source. In order to secure the credit allowed by this section, the taxpayer must own or control the distillery at the time of construction and payment for the installation and equipment must be made by the taxpayer during the tax year for which the credit is claimed. The amount of the credit allowed for any one income year shall be limited to twenty percent (20%) of the costs paid during the year, or thirty percent (30%) of those costs if the distillery is powered primarily by use of an alternative fuel source.

Invoices or receipts shall be furnished to substantiate a claim of a credit under this section if requested by the Secretary of Revenue. The credit allowed by this section shall not exceed the amount of the tax imposed by this division for the taxable year reduced by the sum of all credits allowable under this division, except for payments of tax made by or on behalf of the taxpayer.

(b) For purposes of this section, 'alternative fuel source' includes agricultural and forestry products, waste petroleum products, and peat, but does not include other petroleum products, coal, or natural gas.

(c) The amount of credit allowed under this section may be carried over for the next succeeding five years."

**Sec. 3.** This act is effective with respect to taxable years beginning on and after January 1, 1980.

In the General Assembly read three times and ratified, this the 25th day of June, 1980.