

NORTH CAROLINA GENERAL ASSEMBLY  
1977 SESSION

CHAPTER 792  
HOUSE BILL 1003

AN ACT TO PROMOTE AND ENCOURAGE THE CONSERVATION OF ENERGY BY PROVIDING A TAX CREDIT FOR INSTALLATION OF SOLAR HOT WATER, HEATING AND COOLING SYSTEMS, BY PROVIDING A TAX CREDIT FOR INSTALLATION OF HOME INSULATION, STORM WINDOWS AND STORM DOORS, BY MANAGING AND CONTROLLING ENERGY USE BY IMPROVED ENFORCEMENT OF THE STATE BUILDING CODE INSULATION REQUIREMENTS, BY REPORTING OF AVAILABLE PETROLEUM SUPPLIES, AND BY PROHIBITING THE USE OF MASTER METERS FOR ELECTRICITY AND NATURAL GAS IN NEW MULTI-UNIT RESIDENTIAL DWELLING UNITS.

The General Assembly of North Carolina enacts:

**Section 1.** This act shall be known and may be cited as the Energy Conservation Act of 1977.

**Sec. 2.** The economy of North Carolina and the welfare of its citizens have been jeopardized in the past by shortages of natural gas, petroleum, propane and electric power. The shortage of energy supplies available to North Carolina will continue during the coming decade unless measures are established to conserve the energy available for the economy and the citizens of North Carolina. It is therefore declared to be the policy of the State of North Carolina to encourage and promote the conservation of energy in all forms and to establish requirements and enforcement measures for mandatory conservation of energy in North Carolina, in order to prevent or reduce an adverse impact upon the economy of this State and in order to prevent interruption of employment of the citizens of this State in commerce and industry and in order to prevent injury to their health and welfare due to shortage and high cost of energy in their homes.

**Sec. 3.** Article 4 of Chapter 105 of the North Carolina General Statutes is hereby amended by adding thereto a new section, G.S. 105-151.2, to read as follows:

**"§ 105-151.2. Credit against personal income tax for solar hot water, heating and cooling**  
— (a) Any person (to include partnerships) who constructs or installs a solar hot water, heating or cooling system in any residence or other building in North Carolina shall be allowed as a credit against the tax imposed by this division, an amount equal to twenty-five percent (25%) of the installation and equipment cost of the solar hot water, heating or cooling equipment; provided, that credit allowed under this section shall not exceed one thousand dollars (\$1,000) on any single building or for each family dwelling unit of a multi-dwelling building which is individually metered for electric power or natural gas or with separate furnace for oil heat paid for by the occupant; provided further, that in order to secure the credit allowed by this section the taxpayer must own or control the building at the time the solar hot water, heating or cooling system is installed and payment in part or in total for such equipment and installation must be made by the taxpayer during the tax year for which the credit is claimed; and the amount of credit allowed for any one income year shall be limited to the amount of payment for such equipment made during the income year for which the credit is claimed and provided further, that if the credit allowed by this section exceeds the taxes imposed by this division reduced by

all other credits allowed by the provisions of this division, such excess shall be allowed against the taxes imposed by this division for the next three succeeding years.

(b) In the case of property owned by the entirety, where both spouses are required to file North Carolina income tax returns, each spouse may claim one half of the credit allowed by this section or one spouse may claim the entire credit allowed by this section by agreement with the other spouse, provided both spouses were living together at the end of the taxable year and file their separate returns for the taxable year on the combined form. Where only one spouse is required to file a North Carolina income tax return, such spouse may claim the credit allowed by this section.

(c) For the purpose of this section, the term 'solar hot water, heating and cooling equipment' means any hot water, heating, cooling or heating and cooling equipment which meets the definitive performance criteria prescribed pursuant to the provisions of the Solar Heating and Cooling Demonstration Act of 1974 (42 U.S.C.A. §§ 5501, et seq.), and any amendments thereto, or any other performance criteria approved by the Secretary of Revenue provided that such criteria shall be published by the Secretary of Revenue."

**Sec. 4.** Article 4 of Chapter 105 of the North Carolina General Statutes is hereby amended by adding thereto a new section, G.S. 105-130.23, to read as follows:

**"§ 105-130.23. Credit against corporate income tax for solar hot water, heating and cooling.** — (a) Any corporation which constructs or installs solar hot water, heating or cooling equipment in buildings to include residential buildings used or sold by the corporation for commercial or business purposes in North Carolina shall be allowed as a credit against the taxes imposed by this division, an amount equal to twenty-five percent (25%) of the installation and equipment cost of the solar hot water, heating or cooling equipment; provided, that credit allowed under this section shall not exceed one thousand dollars (\$1,000) for any single building or each family dwelling unit of a multi-dwelling building which is individually metered for electric power or natural gas or with separate furnace for oil heat paid for by the occupant; provided further, that in order to secure the credit allowed by this section, the taxpayer must own or control the building at the time the solar hot water, heating or cooling system is installed and payment (in part or total) for such equipment and installation must be made by the taxpayer during the tax year for which the credit is claimed; and the amount of credit allowed for any one income year shall be limited to the amount of payment for such equipment made during the income year for which the credit is claimed and provided further, that if the credit allowed by this section exceeds the taxes imposed by this division reduced by all other credits allowed by the provisions of this division, such excess shall be allowed against the taxes imposed by this division for the next three succeeding years.

(b) For the purpose of this section, the term 'solar hot water, heating and cooling equipment' means any hot water, heating, cooling or heating and cooling equipment which meets the definitive performance criteria prescribed pursuant to the provisions of the Solar Heating and Cooling Demonstration Act of 1974 (42 U.S.C.A. §§ 5501, et seq.), and any amendments thereto, or any other performance criteria established by the Secretary of Revenue."

**Sec. 5.** Article 4 of Chapter 105 of the North Carolina General Statutes is hereby amended by adding thereto a new section, G.S. 105-151.3, to read as follows:

**"§ 105-151.3. Credit against personal income tax for home insulation, storm windows or storm doors.** — (a) During the period from January 1, 1977, through December 31, 1978, any person (to include partnerships) who installs new or additional insulation, storm windows or storm doors (to include thermal pane windows and doors) in any building located in North Carolina which was constructed and occupied prior to January 1, 1977, shall be allowed as a credit against the taxes imposed by this division, an amount equal to twenty-five percent (25%) of the cost of such insulation, storm windows or storm doors; provided, that credit allowed under this section shall not exceed one hundred dollars (\$100.00) on any single building or for

each family dwelling unit of a multi-dwelling building; provided further, that in order to secure the credit allowed by this section the taxpayer must be liable for payment of such insulation, storm windows or storm doors and such payment must be made by the taxpayer during the tax year for which the credit is claimed.

(b) The Secretary of Revenue is hereby authorized and directed to adopt rules and regulations requiring that said insulation, storm windows or storm doors shall have a useful life of at least three years and shall reduce heat loss or heat gain in accordance with minimum standards prescribed by the Building Codes Council.

(c) In order to secure the credit allowed by this section, receipts for the payment of such insulation, storm windows or storm doors containing a brief description of such insulation, storm windows or storm doors must be provided upon the request of the Secretary of Revenue.

(d) Notwithstanding any other provisions of this division, 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."

**Sec. 6.** Article 4 of Chapter 105 of the North Carolina General Statutes is hereby amended by adding a new section, G.S. 105-130.24, to read as follows:

**"§ 105-130.24. Credit against corporate income tax for insulation, storm windows and storm doors in business buildings.** — (a) During the period from January 1, 1977, through December 31, 1978, any corporation which installs new or additional insulation, storm windows or storm doors in any building located in North Carolina which was constructed and occupied prior to January 1, 1977, and which is used by the corporation for commercial or business purposes shall be allowed as a credit against the taxes imposed by this division, an amount equal to twenty-five percent (25%) of the cost of such insulation, storm windows or storm doors; provided, that credit allowed under this section shall not exceed one hundred dollars (\$100.00) on any single building or for each family dwelling unit of a multi-dwelling building; provided further, that in order to secure the credit allowed by this section the taxpayer must be liable for payment of such insulation, storm windows or storm doors and such payment must be made by the taxpayer during the tax year for which the credit is claimed.

(b) The Secretary of Revenue is hereby authorized and directed to adopt rules and regulations requiring that said insulation, storm windows or storm doors shall have a useful life of at least three years and shall reduce heat loss or heat gain in accordance with minimum standards prescribed by the Building Codes Council.

(c) In order to secure the credit allowed by this section, receipts for the payment of such insulation, storm windows or storm doors containing a brief description of such insulation, storm windows or storm doors must be provided upon the request of the Secretary of Revenue.

(d) Notwithstanding any other provisions of this division, 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 other credits allowable under this division."

**Sec. 7.** Chapter 143 of the General Statutes is hereby amended by adding a new section thereto, to read as follows:

**"§ 143-139.2. Enforcement of insulation requirements; certificate for occupancy; no electric service without compliance.** — (a) In addition to other enforcement provisions set forth in this Chapter, no single family or multi-unit residential building on which construction is begun in North Carolina on or after January 1, 1978, shall be occupied until it has been certified as being in compliance with the minimum insulation standards for residential construction, as prescribed in the North Carolina State Building Code or as approved by the Building Code Council as provided in G.S. 143-138(e). It shall be the duty of each county government and each municipality to provide for a building inspection program for certification of compliance with this section, either through a person in the county, city or joint inspection department who is responsible for enforcement of the insulation and energy utilization

standards of the State Building Code or in any county or city which does not have an inspection department, through a person designated as the energy and insulation inspector.

(b) No public supplier of electric service, including regulated public utilities, municipal electric service and electric membership corporations, shall connect for electric service to an occupant any residential building on which construction is begun on or after January 1, 1978, unless said building complies with the insulation requirements of the North Carolina State Building Code or of local building codes approved by the Building Codes Council as provided in G.S. 143-138(e), and has been certified for occupancy in compliance with the minimum insulation standards of the North Carolina State Building Code or of any local modification approved as provided in G.S. 143-138(e), by a person designated as an inspector pursuant to subsection (a) of this section."

**Sec. 8.** Chapter 143B of the General Statutes is hereby amended by adding a new section thereto, to read as follows:

**"§ 143B-447. Reporting of stocks of coal and petroleum fuels.** — The Energy Division of the Department of Commerce may, with the prior express approval of the Energy Policy Council and the Governor, require that all coal and petroleum suppliers in North Carolina supplying coal, motor gasoline, middle distillates, residual oils and propane for resale within the State file with the Energy Division, on forms prepared by the Energy Division, accurate reports as to the stocks of coal and petroleum products and storage capacities maintained by said supplier, including said supplier's current inventory and stock of said coal, motor gasoline, middle distillates, residual oils and propane, the expected time such supplies will last under ordinary distribution demand and the schedule for receiving additional or replacement stocks. Such reports and the information contained therein shall be proprietary information available only to regular employees of the Energy Division, except that aggregate tables or schedules consolidating information from said reports may be released if they do not reveal individual report data for any named supplier. It is further the intent of this section that no information shall be required from coal and petroleum suppliers, that is, at the time such reports are requested, already on file with any agency, commission, or department of State government.

It is the intent of this section that such reports be filed only at such times as the Energy Policy Council and the Governor determine that an energy crisis as defined in G.S. 113B-20 exists or may be imminent.

If any petroleum or coal supplier fails to file the accurate reports as may be required by this section for more than 10 days after the date on which any such report is due, the Secretary of Commerce is authorized and empowered to petition the District Court, Division of the General Court of Justice in the county in which the principal office or place of business of said supplier is located for a mandatory injunction compelling said supplier to file said report."

**Sec. 9.** Chapter 143A of the General Statutes is hereby amended by adding a new section to read and be designated as follows:

**"§ 143A-180.4. Prohibition of master meters for electric and natural gas service.** — From and after September 1, 1977, in order that each occupant of an apartment or other individual dwelling unit may be responsible for his own conservation of electricity and gas, it shall be unlawful for any new residential building, as hereinafter defined, to be served by a master meter for electric service or natural gas service. Each individual dwelling unit shall have individual electric service with a separate electric meter and, if it has natural gas, individual natural gas service with a separate natural gas meter, which service and meters shall be in the name of the tenant or other occupant of said apartment or other dwelling unit. No electric supplier or natural gas supplier, whether regulated public utility or municipal corporation or electric membership corporation supplying said utility service, shall connect any residential building for electric service or natural gas service through a master meter, and said electric or natural gas supplier shall serve each said apartment or dwelling unit by separate service and separate meter and shall bill and charge each individual occupant of said separate apartment or

dwelling unit for said electric or natural gas service. A new residential building is hereby defined for the purposes of this section as any building for which a building permit is issued on or after September 1, 1977, which includes two or more apartments or other family dwelling units. Provided, however, that any owner or builder of a multi-unit residential building who desires to provide central heat or air conditioning or central hot water from a central furnace, air conditioner or hot water heater which incorporates solar assistance or other designs which accomplish greater energy conservation than separate heat, hot water, or air conditioning for each dwelling unit, may apply to the North Carolina Utilities Commission for approval of said central heat, air conditioning or hot water system, which may include a central meter for electricity or gas used in said central system, and the Utilities Commission shall promptly consider said application and approve it for such central meters if energy is conserved by said design. This section shall apply to any dwelling unit normally rented or leased for a minimum period of one month or longer, including apartments, condominiums and townhouses, but shall not apply to hotels, motels, dormitories, rooming houses or nursing homes, or homes for the elderly."

**Sec. 10.** **Severability.** If any provision of this act or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

**Sec. 11.** Sections 3, 4, 5 and 6 of this act shall be made effective upon ratification for income years beginning on and after January 1, 1977. Each and every other section of this act shall become effective on September 1, 1977.

In the General Assembly read three times and ratified, this the 29th day of June, 1977.