

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1621\*

Short Title: Credit for Value-Added Ag Business.

(Public)

Sponsors: Representatives Mitchell; Barbee, Berry, Brown, Church, Cole, Cox, Culp, Daughtry, Davis, Dedmon, Dockham, Edwards, Hill, Holmes, Insko, Kiser, McLawhorn, McMahan, Owens, Preston, Redwine, Setzer, Sherrill, Tolson, Tucker, Wainwright, Warren, and Warwick.

Referred to: Finance.

May 18, 2000

A BILL TO BE ENTITLED  
AN ACT TO CREATE AN INCOME TAX CREDIT FOR TAXPAYERS INVESTING  
IN AGRIBUSINESS ENTERPRISES THAT ADD VALUE TO RAW, NORTH  
CAROLINA GROWN AGRICULTURAL COMMODITIES.

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 3E.**

**“VALUE-ADDED AGRIBUSINESS TAX CREDIT.**

**“§ 105-129.40. Credit for investment in value-added agribusiness.**

(a) A taxpayer who invests in a qualified North Carolina value-added agribusiness shall be entitled to a credit against the income tax imposed under Article 4 of this Chapter in the amount of twenty-five percent (25%) of the amount invested. Investments in a qualified North Carolina value-added agribusiness may include cash and in-kind contributions of machinery and equipment, real property, or facilities. To be eligible for the credit, contributions of machinery and equipment, real property, or facilities shall be directly related to the agribusiness.

1       (b) The amount of the credit allowed shall not exceed fifty percent (50%) of the  
2 tax against which it is claimed for the taxable year, or fifty thousand dollars (\$50,000),  
3 reduced by the sum of all credits allowed against the tax except tax payments made by or  
4 on behalf of the taxpayer. This limitation applies to the cumulative amount of credit,  
5 including carryforwards claimed by the taxpayer under this Article against the tax for the  
6 taxable year. Any unused portion of the credit may be carried forward for the succeeding  
7 10 years.

8       (c) The following definitions apply in this Article:

9           (1) 'Commercial entity' means (i) an agricultural marketing cooperative  
10 established pursuant to Subchapter V of Chapter 54 of the General  
11 Statutes or (ii) a person producing raw agricultural products.

12           (2) 'Person' means a natural person, partnership, or corporation that earns  
13 less than two hundred fifty thousand dollars (\$250,000) in annual gross  
14 income from the production of raw agricultural products.

15           (3) 'Qualified North Carolina value-added agribusiness' means a  
16 commercial entity operating in this State that uses, processes, refines, or  
17 packages raw agricultural products in a manner that increases the value  
18 of the raw agricultural products on the market.

19       (d) To claim a credit allowed by this Article, the taxpayer shall provide any  
20 information required by the Secretary of Revenue. Every taxpayer claiming a credit under  
21 this Article shall maintain and make available for inspection by the Secretary of Revenue  
22 any records the Secretary considers necessary to determine and verify the amount of the  
23 credit to which the taxpayer is entitled. The burden of proving eligibility for the credit  
24 and the amount of the credit shall rest upon the taxpayer, and no credit shall be allowed to  
25 a taxpayer that fails to maintain adequate records or to make them available for  
26 inspection.

27       (e) The total amount of all tax credits allowed to taxpayers under this section for  
28 contributions made in a calendar year may not exceed two million dollars (\$2,000,000).  
29 The Secretary must calculate the total amount of tax credits claimed from the applications  
30 filed under this section. If the total amount of tax credits claimed for contributions made  
31 in a calendar year exceeds two million dollars (\$2,000,000), the Secretary must allow a  
32 portion of the credits claimed by allocating a total of two million dollars (\$2,000,000) in  
33 tax credits in proportion to the size of the credit claimed by each taxpayer. If a credit is  
34 reduced pursuant to this subsection, the Secretary must notify the taxpayer of the amount  
35 of the reduction of the credit on or before December 31 of the year the application was  
36 filed. The Secretary's allocations based on applications filed pursuant to this section are  
37 final and will not be adjusted to account for credits applied for but not claimed."

38       Section 2. This act becomes effective July 1, 2000, and shall apply to  
39 investments made in qualified North Carolina value-added agribusinesses on or after that  
40 date.