

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE DRH30407-LY-13 (1/2)

Short Title: Tax Credit for Smoke Ventilation Systems.

(Public)

Sponsors: Representative Brown.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR THE INSTALLATION OF  
VENTILATION EQUIPMENT TO REMOVE SECONDHAND SMOKE.

The General Assembly of North Carolina enacts:

**SECTION 1.** Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-130.49. Credit for ventilation equipment to remove secondhand smoke.**

(a) Definition. – For the purpose of this section, the term 'qualified ventilation system' means a ventilation system that satisfies at least one of the following conditions:

(1) It is an electrically powered, hospital grade, HEPA media filter that cleans all of the air of the public areas of the establishment by removing not less than ninety-five percent (95%) of gases, vapors, volatile organic compounds, and three-tenths micron particulates every 15 minutes.

(2) It is a high-ventilation air-conditioning system designed by a licensed professional engineer that satisfies all requirements of the North Carolina Building Code, provides an air change in the public areas of the establishment every 15 minutes, and exhausts the air to the exterior of the building.

(b) Credit. – A taxpayer that installs a qualified ventilation system in an establishment that has a smoking area is allowed a credit against the tax imposed by this Part. The credit is equal to twenty-five percent (25%) of the costs, including installation, of the system.

(c) Cap. – The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax payments made by or on behalf of the taxpayer. Any unused portion of a credit allowed under this section may be carried forward for the succeeding five years.

1 (d) Sunset. – This section expires for taxable years beginning on or after January  
2 1, 2012."

3 **SECTION 2.** Part 2 of Article 4 of Chapter 105 of the General Statutes is  
4 amended by adding a new section to read:

5 **"§ 105-151.31. Credit for ventilation equipment to remove secondhand smoke.**

6 (a) Definition. – For the purpose of this section, the term 'qualified ventilation  
7 system' means a ventilation system that satisfies at least one of the following conditions:

8 (1) It is an electrically powered, hospital grade, HEPA media filter that  
9 cleans all of the air of the public areas of the establishment by  
10 removing not less than ninety-five percent (95%) of gases, vapors,  
11 volatile organic compounds, and three-tenths micron particulates every  
12 15 minutes.

13 (2) It is a high-ventilation air-conditioning system designed by a licensed  
14 professional engineer that satisfies all requirements of the North  
15 Carolina Building Code, provides an air change in the public areas of  
16 the establishment every 15 minutes, and exhausts the air to the exterior  
17 of the building.

18 (b) Credit. – A taxpayer that installs a qualified ventilation system in an  
19 establishment that has a smoking area is allowed a credit against the tax imposed by this  
20 Part. The credit is equal to twenty-five percent (25%) of the costs, including installation,  
21 of the system.

22 (c) Cap. – The credit allowed under this section may not exceed the amount of  
23 tax imposed by this Part for the taxable year reduced by the sum of all credits allowable,  
24 except tax payments made by or on behalf of the taxpayer. Any unused portion of a  
25 credit allowed under this section may be carried forward for the succeeding five years.

26 (d) Sunset. – This section expires for taxable years beginning on or after January  
27 1, 2012."

28 **SECTION 3.** This act is effective for taxable years beginning on or after  
29 January 1, 2007.