



Department of Environmental Quality

*Tax Certification Program for
Recycling or Resource Recovery*

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DEQ, Division of Waste Management

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Program Overview

- Allows businesses to apply for tax certification of leased or owned Equipment, Building Space and Land Space that is used exclusively for resource recovery or recycling.
- Apply to the DWM and the County Tax Assessor.
- Not “all or nothing”. Portions of facilities and equipment that meet the rule definitions and requirements can qualify.
- Qualified equipment, building space and land space will be listed on a tax certificate and provided to the applicant and the County Tax Assessor.
- Items listed on the tax certificate are eligible for local property tax exemption as allowed by statute.

Statute Ref: G.S. 105-275(8)(b)

Department of Environmental Quality



15A NCAC 13B .1500 Rules Summary

- Solid Waste Rules for Special Tax Treatment.
- .1501 – Definitions
- .1502 – Applicability and Application Requirements
- .1503 – Standards for Qualification for Tax Certification
- Rules were first effective in 1976, latest changes became effective on March 1, 2021 (rules were required to be readopted per G.S. 150B-21.3A).
- Please visit our website to review the rules: <https://deq.nc.gov/about/divisions/waste-management/solid-waste-section/tax-certification>

SECTION .1500 - STANDARDS FOR SPECIAL TAX TREATMENT OF RECYCLING AND RESOURCE RECOVERY EQUIPMENT AND FACILITIES

15A NCAC 13B .1501 DEFINITIONS

The definitions in Article 9 of Chapter 130A of the General Statutes and the following definitions shall apply to the rules of this Section.

- (1) "Applicant" means a person that submits an application to the Department to request tax certification for real property or personal property. The applicant shall be a business conducting a recycling or resource recovery process or shall be a person that owns real or personal property that is being used by or leased to a business conducting a recycling or resource recovery process.
- (2) "County assessor" means the county assessor established by Article 16 of Chapter 105 of the General Statutes.
- (3) "Incidental or supportive equipment" means personal property that is used at any time for a purpose other than recycling or resource recovery; is not necessary for recycling or resource recovery to occur; or has a primary purpose that is not recycling or resource recovery. Incidental or supportive equipment includes personal property that is used at any time for administrative, safety, or maintenance services, even though it may be used in support of a recycling or resource recovery process, or that is used to provide comfort, safety, or convenience for employees such as:
 - (a) spare parts;
 - (b) office furniture or equipment;
 - (c) employee personal protective or safety equipment;
 - (d) kitchen or breakroom furniture, equipment, or appliances;
 - (e) heating or air conditioning equipment for employee comfort;
 - (f) fire alarms or fire suppression systems;
 - (g) vehicles used to transport employees, new materials, or waste for disposal at any time; and
 - (h) landfill gas vents or wells that are required by a permit issued by the Department.
- (4) "Incidental or supportive facilities" means real property or parts thereof that is used at any time for a purpose other than recycling or resource recovery; is not necessary for recycling or resource recovery to occur; or has a primary purpose that is not recycling or resource recovery. Incidental or supportive facilities include real property that is used at any time for administrative, safety, or maintenance services, even though it may be used in support of a recycling or resource recovery process, or that is used to provide comfort, safety, or convenience for the employees such as:
 - (a) office space;
 - (b) conference rooms;
 - (c) bathrooms;
 - (d) kitchens;
 - (e) employee breakrooms;
 - (f) employee parking;
 - (g) maintenance sheds;
 - (h) maintenance areas;
 - (i) stormwater basins; and
 - (j) unused areas.
- (5) "New material" means a material that has been chemically or mechanically changed through a recycling process so that it can be introduced into a production process or can be marketed for sale as a good.
- (6) "Personal property" means equipment that is used by a business that is not permanently affixed to real property.
- (7) "Production process" means a process by which goods are produced for sale or use from raw materials, or from new materials, or a combination of these materials.
- (8) "Production scrap" means excess or unusable material that is generated during a production process and is returned to be reused in the same production process. An example of production scrap is excess metal or cardboard or textiles from a sheet of metal or cardboard or batting that remains after a portion of the sheet is cut, stamped, trimmed, or formed to make a product, and the excess material is collected and returned to the process or equipment where the original sheet or batting was created. Another example of production scrap is a material that does not meet the quality standards or customer specifications for sale or use as determined by the person or business, and are returned to

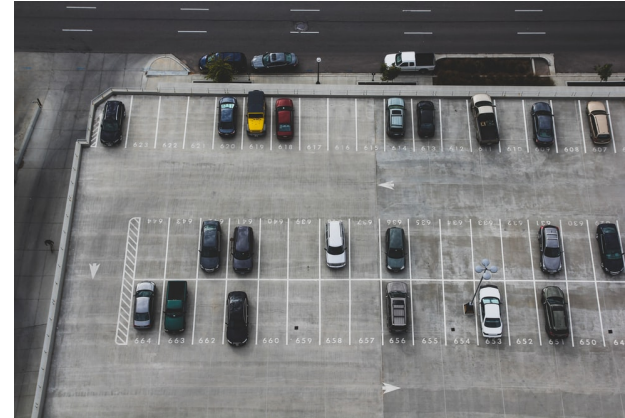
What Qualifies

- Rules for qualification for personal property and real property are outlined in 15A NCAC 13B .1503.
 - The property (real or personal) needs to be used **exclusively** for recycling or resource recovery, or transportation or storage for recycling and resource recovery. (Refer to .1503(b)(3) and .1503(c)(3)).



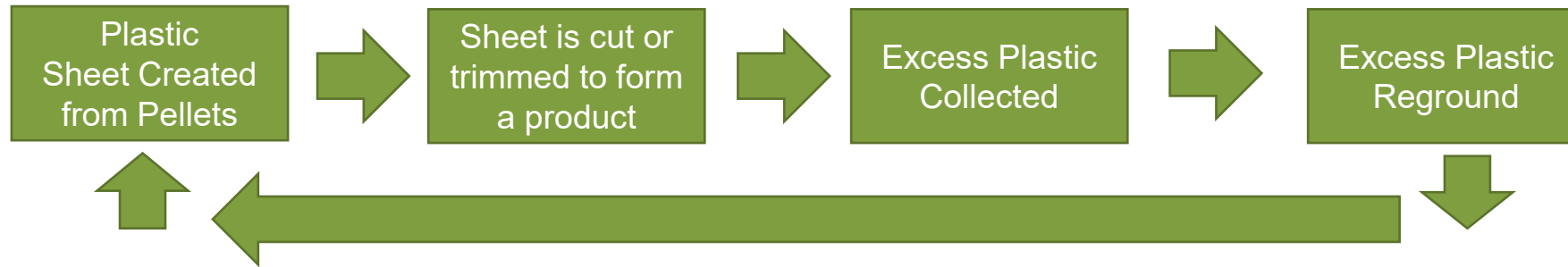
What Does Not Qualify

- Anything that is not used exclusively for Recycling or Resource Recovery.
- Incidental and Supporting Equipment
 - *Examples include, but are not limited to: Spare Parts, Office Furniture, Safety Equipment.*
 - *Refer to 15A NCAC 13B .1501(3)*
- Incidental and Supporting Facilities
 - *Examples include, but are not limited to: Office Space, Employee Parking, Maintenance Areas.*
 - *Refer to 15A NCAC 13B .1501(4)*
- Any equipment, facility space, or land used at any time for handling a new material, a finished product, or production scrap.

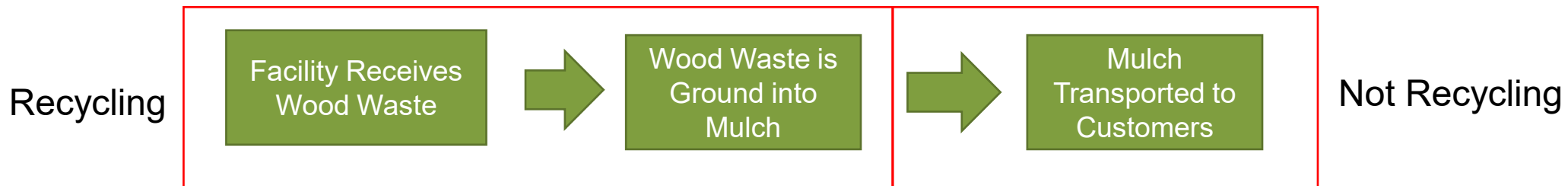


What Does Not Qualify

- Production Scrap (15A NCAC 13B .1501(8))
 - An excess or unusable material that is generated during a production process and is returned to be used in that same production process.



- New Material (15NCAC 13B .1501(5))
 - A material that has been chemically or physically changed through recycling so that it can be introduced into a production process or can be marketed for sale as a good.



- Any equipment, land, or facility space used for handling the finished product would not qualify.

Application Requirements

- DWM has application for certification (link on website)
- Accepted throughout the year.
- Applicant must fill out **completely**, sign, include all attachments, and send **by e-mail** to the Compliance Officer (paper copies are no longer accepted)

DIVISION OF WASTE MANAGEMENT APPLICATION FOR TAX CERTIFICATION & EXEMPTION		For DWM Use: TCN: _____	
Solid Waste Recycling or Resource Recovery Facility or Equipment		TC-WM Rev. 07/2010	
<p>DIRECTIONS: Complete and mail to: North Carolina Department of Environment and Natural Resources, Division of Waste Management, Solid Waste Section, Attn: Compliance Officer, 1646 Mail Service Center, Raleigh, NC 27699-1646. Please provide a copy of your completed application to the county tax office in which the facility and/or equipment is located. Type or print in blue or black ink. A separate application is required for each facility where property proposed for tax certification is located. You must submit two (2) copies of the completed application and any other supplemental enclosure.</p> <p>INSTRUCTIONS FOR LEASED PROPERTY: Submit separate applications for leased and non-leased property located at the same address. An application for leased property shall specify the name, address, and telephone number of the lessor. Attach a copy of the Lease Agreement to the application.</p> <p>THIS APPLICATION WILL NOT BE PROCESSED WITHOUT COMPLETE INFORMATION. If you have any questions regarding this application, please call the Compliance Officer at (919) 707-8200.</p> <p>Please Note: You must also contact your county tax assessor for county application requirements.</p>			
A. Applicant (Applicant is the individual person(s) or legal entity, which is the owner of, and taxpayer for, the property described in this application for tax certification.)			
Name of Applicant: _____		Name of Facility where property located: _____	
Email address: _____		Physical Address of Facility where property located (no P.O. Box): _____	
Address of Applicant, if different from facility where property located: _____		_____	
(address)	(city)	(zip)	(street address) (city) (zip)
Business Relationship of Applicant to facility where property located (e.g. owner, parent company): _____		County where property located: _____	
Does the Applicant hold any NC Department of Environment and Natural Resources Permits? <input type="checkbox"/> Yes / <input type="checkbox"/> No		Name of Contact Person at Facility where property located (person to contact for inspection appointment): _____	
If yes, please list: _____		Title: _____ Phone Number: _____	
Is this the first Tax Certification for this Facility? <input type="checkbox"/> Yes / <input type="checkbox"/> No		If no, list all dates of previous tax certification: _____	
B. Complete this Section only if the Operator/User of the facility and/ or equipment is different from the Owner of the facility and/ or equipment.			
Name of Operator/User: _____			
Operator/User Address: _____			
(address) (city) (zip)			
Operator/User Contact Name: _____			
Relationship between Operator/User of facility and equipment and Applicant: _____			
C. Description of User Operations			
Describe main business and recycling/resource recovery activities: _____			
What Material is recycled/recovered? _____			
Describe the source of the material: _____			
What is the material recycled into? _____			
Was the material ever discarded? <input type="checkbox"/> Yes / <input type="checkbox"/> No			

Common Application Errors

Requires a Process Flow Chart or a Process Narrative

DIVISION OF WASTE MANAGEMENT TAX CERTIFICATION APPLICATION

D. PROCESS SCHEMATIC: Please attach a process schematic to your application on a separate paper. This should be a flow-diagram of the process with all major steps involved that change the material from solid waste to recycled material. (APPLICATIONS WILL NOT BE ACCEPTED WITHOUT AN ATTACHED PROCESS SCHEMATIC.)

EQUIPMENT: Equipment must be used exclusively and integrally in the recycling or resource recovery process. (15A NCAC 13B .1505) → NOTE: To ensure more efficient inspection please make sure that all equipment is clearly labeled with Asset or Identification Number prior to inspection. Attached spreadsheets must use template available on web.

The line for each piece of equipment must be entirely complete

For DWM Use Only:	Description of Equipment: Item Name/Manufacturer/Model #	Serial Number, Vehicle Identification Number (VIN), or Asset Number	In what way is this piece of equipment used for recycling or resource recovery?	% of time item is used to recycle or recovery	Year of Acquisition	Original Historical Cost*
1.	Forklift A	0001	Used for Recycling	80	2021	10,000.00
2.	Forklift B	0002		100	2021	10,000.00
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

Needs to be a unique number

Be Specific

Do not list items that are not at 100%



Common Application Errors

If applying for Facility Space or for Land, a facility drawing or map needs to be included showing the areas applied for (Annotated Google Aerials are fine for the map).

Needs to be signed in three areas by the appropriate party.

DIVISION OF WASTE MANAGEMENT TAX CERTIFICATION APPLICATION

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TC-WM Rev. 7/2010

FACILITY: Only buildings or parts of buildings used exclusively and integrally in recycling or resource recovery, not including incidental or supportive facilities. (15A NCAC 13B .1503a & .1506a). **Only list buildings for which certification is currently being sought.**

Drawings are required, in duplicate, of any facilities. Drawings should include the square footage, the general layout of activity areas and the location of the above equipment if applicable.

Description of Facility	Square Footage	Recycling or Resource Recovery Activities Conducted in Facility

LAND: Only land under buildings or equipment used exclusively in recycling and resource recovery qualifies. (15A NCAC 13B .1503a). **Only list land for which certification is currently being sought.**

Please state the acreage that is used for recycling or resource recovery and describe specifically how the land is used. Include a map, in duplicate, showing the location of the recycling/resource recovery area.

SIGNATURE:

I hereby certify that the above equipment, facilities and/or land are used for the purpose stated, and that the information presented in this application is accurate. Furthermore, I certify that any portable or mobile equipment listed on this application will be used exclusively in the state of North Carolina.

Applicant Signature: _____ Date: _____ Print Name, Title and Company: _____

I hereby certify that the property listed herein and the facility where said property is located are in compliance with all local, state and federal laws and rules for the protection of the environment and are in compliance with the conditions of any permit issued to the facility by the Department of Environment and Natural Resources, any permit issued under Section 404 of the Federal Water Pollution Control Act (33 U.S. Code Section 1344), any permit issued by a local Air Quality Program, and any permit issued by a local Sedimentation and Erosion Control program.

Applicant Signature: _____ Date: _____ Print Name, Title and Company: _____

NOTICE: The penalty for false statement, representation or certification herein is imprisonment and fine up to \$10,000. N.C.G.S. Sect. 130A-26.2.

The undersigned hereby certifies that _____ (name of applicant) has no pending administrative, civil or criminal enforcement action based on alleged violation(s) of any program implemented by an agency of the N.C. Department of Environment and Natural Resources ("DENR"), and further certifies that within the last five years there has been no final determination of responsibility against _____ (name of applicant) for any administrative, civil, or criminal violation of any program implemented by an agency of said Department. The undersigned also certifies that _____ (name of applicant) will notify the Solid Waste Section Compliance Officer in writing within 60 days of receipt of notification of any administrative, civil or criminal enforcement action based upon alleged violation(s) of any program implemented by DENR. I further certify that I have the authority to bind _____ (name of applicant) herein.

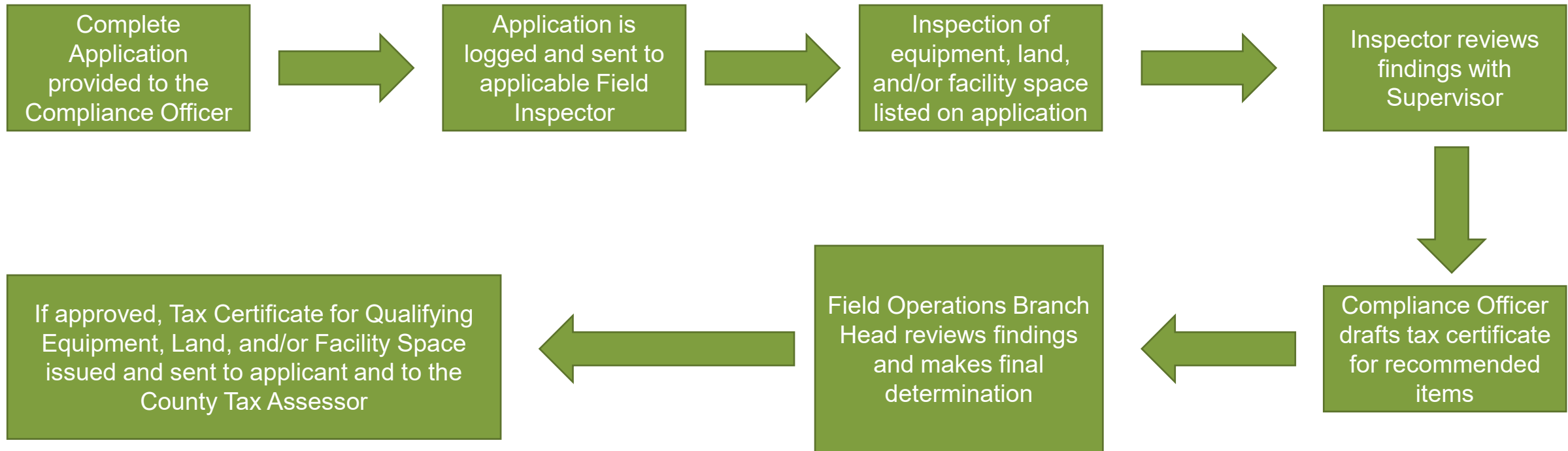
By: _____ Date: _____

(Print Name) Title: _____

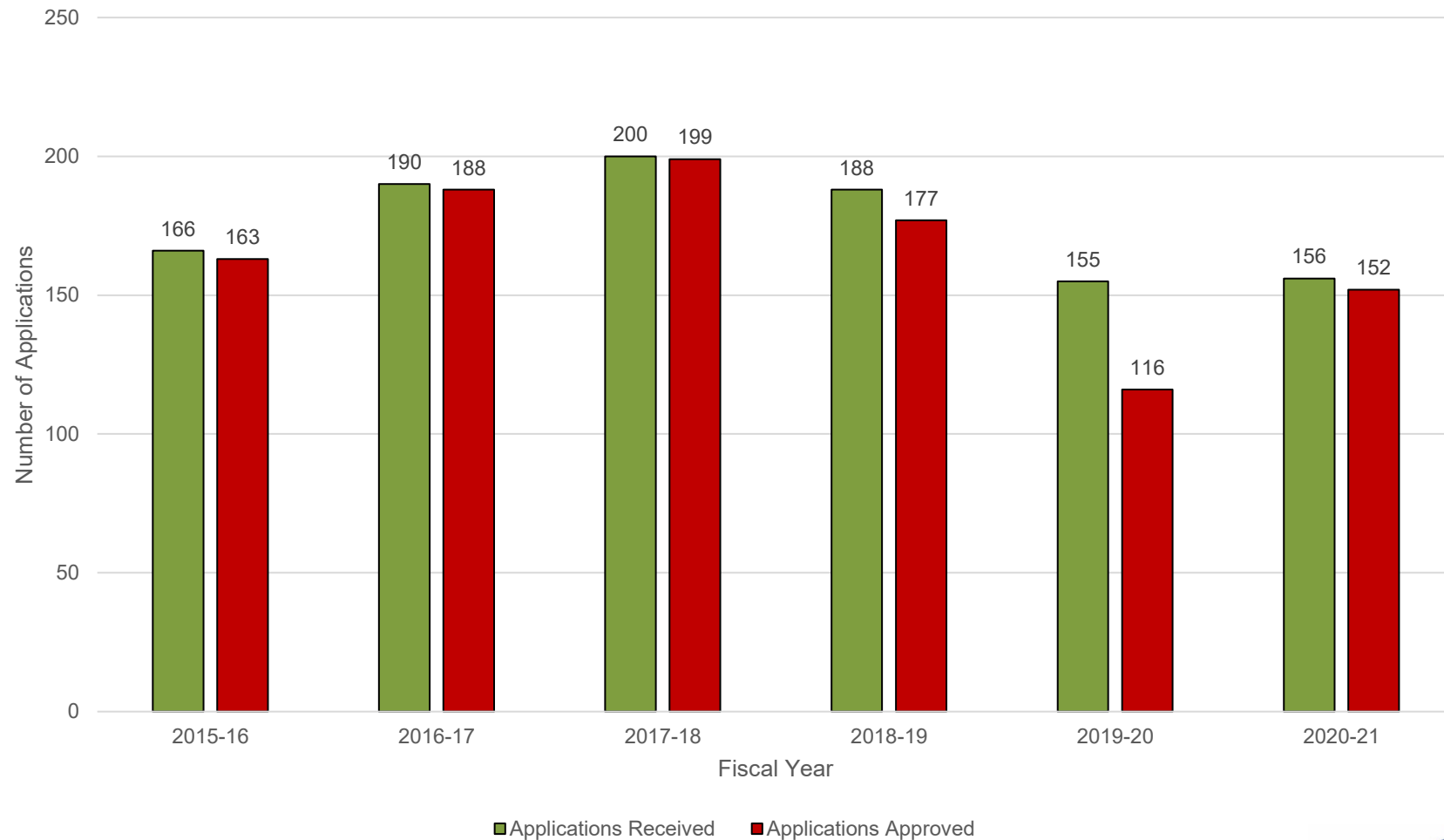
False statements are subject to criminal penalty and fine of \$10,000 under N.C.G.S. § 130A-26.2.



Application Review Process



Tax Certification Applications Received and Approved



Items DWM DOES NOT review or verify

- Any reported cost or value of any property – original cost is asked for as record keeping and reference only!
- Anything related to state or federal tax laws
- Whether the applicant has submitted the proper application to local assessor on time (all deadlines are determined by and would be enforced by local assessor – DWM has no deadlines for certifications - can submit application at any time)
- The tax years the exemption should apply to - DWM certificate will show date complete application received, date of inspection or verification, and date our review was complete/approval. Assessor determines which tax year it applies to.
- Anything regarding property listing, whether all applicable or correct property was applied for (DWM is not auditing equipment listing).



FAQs

- **My company purchased another company that has a tax certificate. Does the certificate automatically transfer to us?**

No. Tax Certificates are not transferrable. The new owner must submit a new application.

- **I have equipment that is used for recycling, but we lease it. Can we still apply?**

Yes! However, the application process is slightly different. Please call me to discuss if you are interested.

- **How long is the Tax Certificate good for?**

Tax Certificates for owned land, building space, or equipment do not have an expiration date, and remain valid as long as there is no change in ownership, use, or compliance status.

Tax Certificates for leased equipment will have an expiration date that matches the expiration of the lease, and the applicant must reapply if the lease is extended.

- **How much in Property Taxes will this save us?**

Any tax-related question should be directed to the County Tax Assessor.



Thanks for Listening

Contact Info for further Questions/Discussion

Chris Hollinger
Compliance Officer – SWS
(919) 707-8284
chris.hollinger@ncdenr.gov