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

Department of Environmental Quality
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.

Department of Environmental Quality
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)
### Common Application Errors

**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.

<table>
<thead>
<tr>
<th>For SWM Use Only</th>
<th>Description of Equipment: Item Name/Manufacturer/Model #</th>
<th>Serial Number, Vehicle Identification Number (VIN), or Asset Number</th>
<th>In what way is this piece of equipment used for recycling or resource recovery?</th>
<th>% of time item is used to recycle or recovery</th>
<th>Year of Acquisition</th>
<th>Original Historical Cost</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Forklift A</td>
<td>0001</td>
<td>Used for Recycling</td>
<td>80</td>
<td>2021</td>
<td>10,000.00</td>
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<tr>
<td>2.</td>
<td>Forklift B</td>
<td>0002</td>
<td></td>
<td>100</td>
<td>2021</td>
<td>10,000.00</td>
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<td>3.</td>
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<td>10.</td>
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</tbody>
</table>

- The line for each piece of equipment must be entirely complete.
- Needs to be a unique number.
- Be Specific.
- Do not list items that are not at 100%.

**Department of Environmental Quality**
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.
Application Review Process

Complete Application provided to the Compliance Officer

Application is logged and sent to applicable Field Inspector

Inspection of equipment, land, and/or facility space listed on application

Inspector reviews findings with Supervisor

Compliance Officer drafts tax certificate for recommended items

Field Operations Branch Head reviews findings and makes final determination

If approved, Tax Certificate for Qualifying Equipment, Land, and/or Facility Space issued and sent to applicant and to the County Tax Assessor
Tax Certification Applications Received and Approved

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Applications Received</th>
<th>Applications Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>166</td>
<td>163</td>
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<tr>
<td>2016-17</td>
<td>190</td>
<td>188</td>
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<td>2017-18</td>
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<td>2018-19</td>
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<td>177</td>
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<td>2019-20</td>
<td>155</td>
<td>116</td>
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<tr>
<td>2020-21</td>
<td>156</td>
<td>152</td>
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</tbody>
</table>
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).
• 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.
Contact Info for further Questions/Discussion

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