

Stricken language would be deleted from and underlined language would be added to present law.
Act 701 of the Regular Session

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: S4/1/25

A Bill

SENATE BILL 530

By: Senators B. Davis, *J. Dismang, J. English, Flippo, Gilmore, Hester, Irvin, B. Johnson, M. Johnson, M. McKee, Rice, J. Scott, Stone*

By: Representatives Beck, *Achor, Andrews, Barker, Beaty Jr., Bentley, S. Berry, Breaux, M. Brown, Joey Carr, Childress, Clowney, C. Cooper, Crawford, Eaton, Eaves, Eubanks, Furman, Gazaway, Gramlich, Hall, Hawk, Holcomb, Hollowell, Jean, Magie, McClure, McGruder, S. Meeks, Milligan, K. Moore, Painter, Perry, Pilkington, Richmond, Rye, Springer, Wardlaw, Warren, Wooten*

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS WOOD ENERGY PRODUCTS AND FOREST MAINTENANCE INCOME TAX CREDIT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS WOOD ENERGY PRODUCTS AND FOREST MAINTENANCE INCOME TAX CREDIT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Uncodified Acts 2021, No. 594, § 2(7), concerning the legislative findings for Acts 2021, No. 594, is amended to read as follows:

(7) In order to attract and maintain industry to use the available fiber resources, support healthy timberland, encourage capital investment in the Arkansas timber industry, ~~and~~ provide well-paying jobs, and use wood byproducts for the production of energy, the creation of a logging and wood fiber transportation job creation income tax credit should be established.

SECTION 2. Arkansas Code § 26-51-2702 is amended to read as follows:
26-51-2702. Legislative purpose and intent.

The purpose and intent of this subchapter is to increase capacity in



the state for the use of ~~sawmill~~ mill residuals, including sawdust and wood chips, wood byproducts, including bark, and thinnings to maintain a healthy forest, ~~unwanted treetops, and damaged or diseased trees not wanted by sawmills.~~

SECTION 3. Arkansas Code § 26-51-2703(6) and (7), concerning the definitions to be used under the Arkansas Wood Energy Products and Forest Maintenance Income Tax Credit, are amended to read as follows:

(6) “Qualified wood energy products and forest maintenance project” means a project specified in the incentive agreement to include one (1) or more Arkansas facilities in the same ownership group:

(A) For which the taxpayer commenced construction by the date specified in the incentive agreement, but no earlier than January 1, 2020;

(B) That supports the Arkansas timber industry by using low-value wood, including without limitation ~~sawmill~~ mill residuals, forest thinnings, unwanted treetops, ~~and~~ damaged or diseased trees, and wood byproducts, including bark, to produce ~~high-efficiency, high-energy wood energy products;~~

(C) In which the taxpayer has a total projected investment in excess of ~~fifty million dollars (\$50,000,000)~~ one billion dollars (\$1,000,000,000);

(D) That is undertaken by a taxpayer who has entered into an incentive agreement with the State of Arkansas in which the taxpayer commits to creating at least ~~one hundred (100)~~ four hundred (400) net new full-time permanent employees with an average annual wage of at least sixty thousand dollars (\$60,000);

(E) That will provide a positive cost-benefit analysis to the state as determined by the commission and the Office of Economic Analysis and Tax Research;

(F) That is certified as having a closing date before ~~December 31, 2023~~ June 30, 2028, for all facilities, by which the taxpayer has certified and the state has verified that necessary capital acquisition and borrowing for the facilities has occurred to ensure that funds will be available to:

(i) Secure a site for the facilities;

(ii) Obtain engineering services for the facilities;
 (iii) Purchase equipment for the facilities; and
 (iv) Commence construction on the facilities; and
 (G) That is undertaken by a taxpayer that has elected by agreement with the State of Arkansas for the taxpayer's facilities to be classified as a qualified wood energy products and forest maintenance project; and

(7)(A) "Wood energy products equipment" means:

(i) New or used machinery or equipment located in Arkansas on the last day of the taxable year that is operated or used exclusively in Arkansas to collect, separate, treat, pulverize, dry, modify, or convert wood fiber and wood byproducts, including bark, so the resulting product may be used as a raw material, for productive energy use, or to manufacture other materials;

(ii) Devices that are directly connected with or are an integral and necessary part of machinery or equipment operated or used exclusively in Arkansas to collect, separate, treat, pulverize, dry, modify, or convert wood fiber and wood byproducts, including bark, and are necessary for the collection, separation, treatment, pulverization, drying, modification, or manufacturing of wood fiber;

(iii) Equipment that produces energy with wood power; and

(iv) A device that is directly connected with or is an integral and necessary part of machinery or equipment operated or used exclusively in Arkansas to produce energy with wood power.

(B) "Wood energy products equipment" does not include a vehicle or trailer that is licensed or that normally would be licensed for use on highways in Arkansas.

SECTION 4. Arkansas Code § 26-51-2704(a), concerning the Arkansas Wood Energy Products and Forest Maintenance Income Tax Credit, is amended to read as follows:

(a) There is allowed a tax credit against the tax imposed by this chapter in an amount equal to ~~thirty percent (30%)~~ twenty percent (20%) of the costs of wood energy products equipment purchased for use in Arkansas after the date specified in the incentive agreement by a taxpayer that:

(1) Is engaged in the business of collecting, separating, treating, pulverizing, drying, modifying, or manufacturing wood energy products and wood byproducts, including bark; and

(2) Has been certified as owning a qualified wood energy products and forest maintenance project or a qualified wood energy products and forest maintenance expansion project.

SECTION 5. Arkansas Code § 26-51-2704(b)(2)(B), concerning the Arkansas Wood Energy Products and Forest Maintenance Income Tax Credit, is amended to read as follows:

(B) Beginning July 1, ~~2021~~ 2026, and by July 15 of each subsequent year, a taxpayer shall provide notice to the Department of Finance and Administration of the amount of tax credits, including without limitation tax credits the taxpayer expects will receive certification during the fiscal year by the Department of Energy and Environment, subject to the limitation in subdivision (b)(1) of this section, that will be sold or transferred for value.

SECTION 6. Arkansas Code § 26-51-2704(c)(7), concerning the Arkansas Wood Energy Products and Forest Maintenance Income Tax Credit, is amended to read as follows:

(7) Beginning July 1, ~~2021~~ 2026, by July 15 of each year, a public retirement system with possession and control of tax credits under this subsection shall provide notice to the Department of Finance and Administration of the amount of tax credits, including without limitation tax credits the public retirement system expects will receive certification during the fiscal year by the Department of Energy and Environment, subject to the limitations in subdivisions (c)(4) and (c)(5) of this section, to be sold or transferred for value.

SECTION 7. EFFECTIVE DATE. Sections 1-6 of this act are effective for tax years beginning on or after January 1, 2026.

/s/B. Davis

APPROVED: 4/16/25