

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

HOUSE BILL 1769

By: Representative Perry

For An Act To Be Entitled

AN ACT TO ENCOURAGE THE USE OF SOLAR ENERGY SYSTEMS;
TO CREATE AN INCOME TAX CREDIT FOR SOLAR ENERGY
SYSTEMS; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE AN INCOME TAX CREDIT FOR SOLAR
ENERGY SYSTEMS.

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

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is amended to add an additional section to read as follows:

26-51-515. Solar energy system tax credit.

(a) As used in this section:

(1) "In service" means that a solar energy system is collecting or absorbing solar energy and converting it into electricity that is used in a single-family residence or a residential rental apartment building; and

(2) "Solar energy system" means an energy system with the primary purpose of collecting or absorbing solar energy for conversion into electricity, including without limitation an energy system that converts solar energy into power for the purpose of heating or cooling a space or heating water.

(b) There is allowed an income tax credit against the income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., equal to the lesser of:

(1) Thirty-five percent (35%) of the eligible expenditures under this section by a taxpayer for a solar energy system; or



(2) For:(A) A residence owner, five thousand dollars (\$5,000); and(B) An owner of a residential rental apartment building, five hundred dollars (\$500) per unit in the residential rental apartment building.(c) The income tax credit allowed under this section:(1) May be claimed by the following:(A) A taxpayer who purchases a newly constructed single-family residence that:(i) Has a solar energy system already installed; and(ii) Is located in the state;(B) A taxpayer who purchases and installs a solar energy system in a new or existing single-family residence located in the state; and(C) A taxpayer who is an owner of a multifamily residence and who purchases and installs a solar energy system in a new or existing multifamily residence located in the state;(2) Shall be taken:(A) In the tax year in which:(i) The installation of the solar energy system is complete; and(ii) The solar energy system is in service; or(B) If the solar energy system is purchased and installed as part of a newly constructed single-family residence or multifamily residence, in the tax year in which the purchase of the newly constructed single-family residence or multifamily residence is complete;(3)(A) Is available one (1) time for each single-family residence or multifamily residence.(B) If more than one (1) solar energy system is purchased and installed simultaneously in a single-family residence or a multifamily residence, the taxpayer may combine the eligible expenditures for each system for purposes of applying for one (1) income tax credit under this section.(C) If a taxpayer sells the solar energy system or the property at which the solar energy system has been installed after claiming an income tax credit on the solar energy system under this section, the taxpayer who claimed the income tax credit shall disclose the prior use of the income tax credit to the purchaser;

(4) May be used in addition to any federal tax credits earned for the same solar energy system;

(5) Shall not be used in addition to any other state tax credit, exemption, exclusion, deduction, or other tax benefit for the eligible expenditures under this section;

(6) Shall not exceed the amount of income tax due by the taxpayer; and

(7) May be carried forward for a maximum of five (5) consecutive tax years.

(d)(1) To be eligible to claim an income tax credit under this section, a taxpayer shall apply to the Department of Finance and Administration for an eligibility certificate using the form prescribed by the department, which shall be attached to the taxpayer's income tax return for the tax year in which the income tax credit is claimed.

(2) The department shall:

(A) Maintain an ongoing record of the eligibility certificates awarded under this section each fiscal year; and

(B) Issue eligibility certificates for the income tax credit under this section only up to two million five hundred thousand dollars (\$2,500,000) in each fiscal year on a first-come, first-served basis.

(e) The Director of the Department of Finance and Administration, in cooperation with the Arkansas Economic Development Commission, shall promulgate rules to implement this section.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2014.