

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: H3/14/17
A Bill

HOUSE BILL 1911

By: Representatives Bragg, Barker, Fielding, Shepherd

For An Act To Be Entitled

AN ACT TO AMEND THE INCOME TAX CREDIT FOR WASTE REDUCTION, REUSE, OR RECYCLING EQUIPMENT; TO CLARIFY THE APPLICATION OF THE INCOME TAX CREDIT FOR WASTE REDUCTION, REUSE, OR RECYCLING EQUIPMENT USED FOR WOOD AND *WOOD FIBER*; AND FOR OTHER PURPOSES.

Subtitle

TO CLARIFY THE APPLICATION OF THE INCOME TAX CREDIT FOR WASTE REDUCTION, REUSE, OR RECYCLING EQUIPMENT USED FOR WOOD AND WOOD FIBER.

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

SECTION 1. The introductory language of Arkansas Code § 26-51-506(d), concerning the income tax credit for waste reduction, reuse, or recycling equipment, is amended to read as follows:

(d) ~~To~~ Except as provided in subsection (m) of this section, to claim the benefits of this section, a taxpayer must shall obtain a certification from the Director of the Arkansas Department of Environmental Quality certifying to the Revenue Division of the Department of Finance and Administration that:

SECTION 2. Arkansas Code § 26-51-506(i)(2), concerning the income tax credit for waste reduction, reuse, or recycling equipment, is amended to read as follows:

(2) ~~Any~~ Except as otherwise provided in this section, any unused



credit may be carried over for a maximum of three (3) consecutive years following the taxable year in which the credit originated.

SECTION 3. Arkansas Code § 26-51-506(1), concerning the income tax credit for waste reduction, reuse, or recycling equipment, is amended to read as follows:

(1) ~~Any~~ A person or legal entity aggrieved by a decision of the director under subsection (d) or subsection (m) of this section or subdivision (f)(1)(B) of this section may appeal to the Arkansas Pollution Control and Ecology Commission through administrative procedures adopted by the ~~commission~~ Arkansas Pollution Control and Ecology Commission and to the courts in the manner provided in §§ 8-4-222 – ~~8-4-229~~ 8-4-233.

SECTION 4. Arkansas Code § 26-51-506, concerning the income tax credit for waste reduction, reuse, or recycling equipment, is amended to add an additional subsection to read as follows:

(m)(1) A taxpayer qualifies for the income tax credit provided for in subdivision (c)(1) of this section if the taxpayer is engaged in the business of reducing, reusing, or recycling wood or wood fiber that is diverted from becoming solid waste for commercial purposes, whether or not for profit.

(2) To claim the benefits of this section, a taxpayer qualifying under this subsection shall obtain a certification from the Director of the Arkansas Department of Environmental Quality certifying to the Revenue Division of the Department of Finance and Administration that:

(A) The taxpayer is engaged in the business of reducing, reusing, or recycling wood or wood fiber that is diverted from becoming solid waste;

(B) The taxpayer has made or, upon completion of the construction of the taxpayer's facilities, will have made a capital investment in the state in excess of seventy-five million dollars (\$75,000,000) for facilities to be used for reducing, reusing, or recycling wood or wood fiber;

(C) The machinery or equipment purchased for the facility is waste reduction, reuse, or recycling equipment; and

(D) The machinery or equipment purchased for the facility has a production capability to prevent at least twenty-five thousand (25,000)

tons of wood or wood fiber from becoming solid waste annually.

(3) A taxpayer that obtains a certification under this subsection is not subject to subdivision (c)(2) of this section, subsection (d) of this section, or subdivision (i)(2) of this section.

(4) A taxpayer that qualifies for a tax credit under this subsection may claim the tax credit allowed under this section by requesting certification within eighteen (18) months of the completion of the construction of the taxpayer's facilities.

(5)(A) A taxpayer that has made or, upon completion of the construction of the taxpayer's facilities, will have made a capital investment in the state in excess of two hundred million dollars (\$200,000,000) may sell or transfer for value the tax credits allowed under this section if a public retirement system of the State of Arkansas is an equity investor that owns at least twenty percent (20%) of the taxpayer's facilities that will be used for reducing, reusing, or recycling wood or wood fiber.

(B)(i) The total amount of tax credits that are sold or transferred under this subsection that may be claimed against the tax imposed under this chapter in a tax year for any taxpayer is limited to the total amount of state general revenue generated directly or indirectly from the taxpayer's facilities that will be used for reducing, reusing, or recycling wood or wood fiber during the previous tax year.

(ii)(a) The amount of taxes generated from the taxpayer's facilities that will be used for reducing, reusing, or recycling wood or wood fiber shall be certified by the Department of Finance and Administration at the end of each tax year upon application of the taxpayer under the rules promulgated by the division.

(b) As part of the certification process required under subdivision (m)(5)(B)(ii)(a) of this section, the Department of Finance and Administration shall obtain from the Arkansas Economic Development Commission the IMPLAN report created using the taxpayer's data for the tax year for which certification is being sought.

(6) The total maximum amount of tax credits allowed under this subsection, including any transferred credits, that may be claimed in a tax year shall not exceed eight million dollars (\$8,000,000).

(7) Any unused tax credit that cannot be claimed by a taxpayer

in a tax year under this subsection may be carried forward for fourteen (14) consecutive tax years following the tax year in which the tax credit was earned.

(8) A credit shall not be claimed or authorized under this section for construction completed before July 1, 2017.

SECTION 5. EFFECTIVE DATE. Sections 1 through 4 of this act are effective for tax years beginning on and after January 1, 2017.

/s/Bragg