

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

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1751

By: Representative Ennett

For An Act To Be Entitled

AN ACT TO DEFINE "RENEWABLE ENERGY EQUIPMENT"; TO ESTABLISH THE METHODS AND PROCEDURES FOR VALUATION OF RENEWABLE ENERGY EQUIPMENT FOR PURPOSES OF PROPERTY TAXATION; AND FOR OTHER PURPOSES.

Subtitle

TO DEFINE "RENEWABLE ENERGY EQUIPMENT"; AND TO ESTABLISH THE METHODS AND PROCEDURES FOR VALUATION OF RENEWABLE ENERGY EQUIPMENT FOR PROPERTY TAXATION.

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

SECTION 1. DO NOT CODIFY. Legislative findings and intent.

(a) The General Assembly finds that:

(1) Arkansans are a people of independent spirit and are largely self-reliant;

(2) Self-reliance should be fostered among Arkansans and Arkansas businesses;

(3) The availability of electric energy generated from renewable resources means that people and businesses may be more self-reliant in a modern world;

(4) Production of electric energy from renewable resources reduces harmful effects that result from the use of nonrenewable fuels;

(5) Production of electric energy from renewable resources reduces our dependence on foreign fuel sources and increases our self-reliance as a state and nation;



(6) Production of electric energy from renewable resources provides for a predictable and stable cost of energy;

(7) Renewable energy projects by nonutility developers are a significant contributor to economic development in this state;

(8) Surrounding states have specified methods and procedures similar to those in this act for valuation of renewable energy equipment to ensure fairness in determining valuation for taxation purposes; and

(9)(A) Detailed financial projection models have been developed to calculate the benefits and costs of energy produced from renewable energy sources so that diligent and analytical business owners can evaluate and plan for the financial impact of choosing to undertake a renewable energy project;

(B) Critical to this financial analysis is the ability to accurately identify all revenue and cost over the lifetime of a renewable energy project.

(C) A key element of cost that is frequently obscured is how property tax will be levied on a renewable energy project, in part because county assessors are often inconsistent across the state regarding how renewable energy equipment is valued.

(b) This act is intended to ascertain, clarify, and make fair, equal, and uniform throughout the state the methods and procedures for valuation of renewable energy equipment for taxation purposes.

SECTION 2. Arkansas Code Title 26, Chapter 26, Subchapter 11, is amended to add an additional section to read as follows:

26-26-1126. Renewable energy equipment.

(a)(1) As used in this section, "renewable energy equipment" means equipment that harvests solar, wind, or other forms of renewable energy to produce a maximum peak output of twenty megawatts (20 MW) AC nameplate capacity.

(2) "Renewable energy equipment" includes all physical components of the installation including without limitation mounting fixtures and hardware.

(b) Renewable energy equipment shall be taxed as stated under subsection (c) of this section if it:

(1) Is installed on commercial, industrial, or institutional property; or

(2) Produces energy metered to or used by commercial, industrial or institutional property.

(c) Renewable energy equipment that meets the conditions stated under subsection (b) of this section shall be considered tangible personal property and shall be valued according to the cost method, as follows:

(1) The taxable value of the renewable energy equipment shall reflect the cost less any discounts, rebates, refunds, tax credits or other reductions received or taken by the owner; and

(2) The renewable energy equipment shall be depreciated for taxation purposes as follows:

(A) The renewable energy equipment shall be considered to have a useful life of ten (10) years or less; and

(B) The renewable energy equipment shall be considered to have a residual value of ten percent (10%) or less after ten (10) years.

SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for assessment years beginning on or after January 1, 2021.