

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**  
4 **By: Representative Willems**

# A Bill

**HOUSE BILL 2119**

## **For An Act To Be Entitled**

8 "AN ACT TO PROVIDE A TAX CREDIT TO ETHANOL FUEL PRODUCERS  
9 IN ORDER TO STIMULATE THE PRODUCTION OF ALTERNATIVE FUELS  
10 WITHIN THE STATE OF ARKANSAS; AND FOR OTHER PURPOSES."

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

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14 SECTION 1. TITLE.

15 This Act may be referred to and cited as the "Ethanol Production Income  
16 Tax Credit Act of 1991".

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18 SECTION 2. DEFINITIONS.

19 As used in this Act, unless the context otherwise requires:

20 (a) "Ethanol fuel producer" means any person engaged in a business of  
21 producing ethanol for use as a motor fuel or motor fuel additive and holds a  
22 valid permit from the U. S. Department of Treasury's Bureau of Alcohol,  
23 Tobacco and Firearms for the production of non-beverage alcohol.

24 (b) "Tax credit" means a credit against the income tax liability for an  
25 ethanol fuel producer.

26 (c) "Person" means a person as defined by § 26-18-104(10).

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28 SECTION 3. PROVISIONS SUPPLEMENTAL.

29 The tax credit provided by this Act shall be supplemental and in  
30 addition to other tax credits provided by law.

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32 SECTION 4. CREDIT GRANTED.

33 There is granted a credit against an ethanol fuel producer's Arkansas  
34 income tax liability of twenty cents (\$.20) per gallon of two hundred (200)  
35 proof ethanol manufactured by the ethanol fuel producer *located in the State*

1 of Arkansas. If the ethanol fuel producer manufactures ethanol at a proof  
2 level below two hundred (200) proof, the tax credit shall be reduced in a  
3 proportionate amount, for example, sixteen cents (\$.16) per gallon for one  
4 hundred and sixty (160) proof ethanol.

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6 SECTION 5. QUALIFICATION AND DETERMINATION OF CREDIT.

7 (a) In order to claim the credit allowed by this Act, an ethanol fuel  
8 producer located within the State of Arkansas must file an intent to claim the  
9 credit with the Revenue Division of the Department of Finance and  
10 Administration at least sixty (60) days before claiming any tax credits  
11 generated by the production of ethanol fuel, *provided, however, that no credit*  
12 *shall be given or transferred to any entity other than the ethanol fuel*  
13 *producer located within the State of Arkansas that originally earned the*  
14 *credit.*

15 (b) The Director of the Department of Finance and Administration shall  
16 promulgate rules and regulations to govern the administration of the tax  
17 credit provided by this Act.

18 (c) The Arkansas Bureau of Standards shall have the authority and  
19 responsibility, within the context of the rules and regulations promulgated by  
20 the Department of Finance and Administration, to test ethanol fuel produced  
21 within the State of Arkansas by any ethanol fuel producer filing an intent to  
22 claim the tax credit granted by this Act. The Bureau of Standards shall test  
23 to determine the proof of the ethanol produced, as well as any other motor  
24 fuel testing within its purview.

25 (d) Under no circumstances shall any one ethanol production facility  
26 receive an annual tax credit of more than *two million dollars (\$2,000,000)*.

27 (e) The tax credit of twenty cents (\$.20) per gallon, or less depending  
28 upon the proof of the ethanol produced, shall apply against the income tax  
29 liability of the ethanol fuel producer in the year in which the credit was  
30 earned. However, if the credit is not used in the calendar year in which it  
31 was earned, it may be carried over to the next succeeding calendar year for a  
32 period of *five (5) years* following the year in which it was originally earned  
33 or until the credit is exhausted, whichever occurs first.

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35 SECTION 6. All provisions of this Act of a general and permanent nature  
36 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code



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