

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009

A Bill

HOUSE BILL 1748

4
5 By: Representative Breedlove
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For An Act To Be Entitled

9 AN ACT TO ENCOURAGE AND PROMOTE THE USE OF
10 RENEWABLE SOLAR ENERGY BY ALLOWING A DEDUCTION
11 FROM GROSS INCOME FOR THE PURCHASE AND USE OF A
12 SOLAR ENERGY SYSTEM; AND FOR OTHER PURPOSES.
13

Subtitle

14 TO ALLOW A DEDUCTION FROM GROSS INCOME
15 FOR THE PURCHASE AND USE OF A SOLAR
16 ENERGY SYSTEM.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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SECTION 1. The General Assembly finds:

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23 (1) The encouragement and expansion of solar energy use and industry
24 in the state positively impacts the welfare of the people through both
25 economic and environmental benefits;

26 (2) Economic incentives that focus on and encourage the use of solar
27 energy are in the best interests of the citizens of Arkansas;

28 (3) Economic incentives for the use and industry of solar energy are a
29 component of a strategy to position Arkansas as a leader in developing and
30 utilizing solar energy to the maximum practicable extent to:

31 (A) Promote the use and expansion of renewable solar energy for
32 homes and businesses;

33 (B) Improve the energy efficiency in the state;

34 (C) Attract new businesses and jobs;

35 (D) Enhance the state's business climate;

36 (E) Improve the natural environment of the state; and



1 (F) Save consumers and businesses money.

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3 SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 4 is amended
4 to add an additional section to read as follows:

5 26-51-456. Deduction for purchase of solar energy system.

6 (a) As used in this section:

7 (1) "Sales price" means the invoice cost of a solar energy
8 system excluding fees for service contracts, sales tax, maintenance, and
9 repairs; and

10 (2) "Solar energy system" means a device or combination of
11 devices that rely upon direct sunlight as a renewable energy source to
12 generate electricity for use by the person or entity that generates the
13 electricity.

14 (b) In computing net income there is allowed as a deduction the
15 aggregate amount paid or incurred by the taxpayer for the sales price of
16 materials and labor for a residential, commercial, industrial, or
17 agricultural solar energy system.

18 (c) To claim the deduction under this section, a taxpayer shall:

19 (1) Certify to the Director of the Department of Finance and
20 Administration that:

21 (A) The taxpayer has paid or incurred an expense for the
22 purchase of a solar energy system;

23 (B) The solar energy system is affixed to a residential,
24 commercial, industrial, or agricultural building or facility according to the
25 design of the solar energy system and the intent by the manufacturer for use
26 of the solar energy system;

27 (C) The primary use of the solar energy system is to
28 generate electricity for use by the person or entity that generates the
29 electricity; and

30 (D) The cost of service contracts, sales tax, maintenance,
31 and repairs is not included as a part of the sales price in determining the
32 amount of the deduction under this section; and

33 (2) Include the receipt from the purchase of the solar energy
34 system with the certification under subdivision (c)(1) of this section.

35 (d) A taxpayer may not carry forward a deduction under this section.

36 (e) A taxpayer who receives a deduction under this section is not

1 entitled to claim any other state or local tax credit or deduction based on
2 the purchase of the solar energy system, except for the deduction for normal
3 depreciation of the solar energy system.

4 (f) To determine eligibility for the deduction under this section or
5 to ensure that the solar energy system is being utilized in the manner
6 required under this section, the department may inspect buildings,
7 facilities, and records of a taxpayer requesting or receiving a deduction
8 under this section.

9 (g) The Arkansas Energy Office shall promulgate rules to establish
10 standards for a solar energy system that meet the intent of this section.

11 (h) The department may adopt appropriate rules to administer this
12 section and to prevent abuse of the deduction under this section.

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14 SECTION 3. Effective Date. This act is effective for tax years
15 beginning on or after January 1, 2009.

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