

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 86th General Assembly
3 Regular Session, 2007

A Bill

SENATE BILL 797

4
5 By: Senator Broadway
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For An Act To Be Entitled

8
9 AN ACT TO CREATE AN INCOME TAX CREDIT FOR
10 CONTRACTORS FOR CERTAIN EXPENDITURES INCURRED IN
11 CONSTRUCTION OF ENERGY-EFFICIENT RESIDENTIAL
12 PROPERTY; AND FOR OTHER PURPOSES.
13

Subtitle

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15 TO CREATE AN INCOME TAX CREDIT FOR
16 CONTRACTORS FOR CERTAIN EXPENDITURES
17 INCURRED IN CONSTRUCTION OF ENERGY-
18 EFFICIENT RESIDENTIAL PROPERTY.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code Title 26, Chapter 51 is amended to add an
24 additional section to read as follows:

25 26-51-513. Energy-efficient expenditures – Tax credits for
26 contractors.

27 (a) As used in this section:

28 (1) “Contractor” means a taxpayer who is the primary contractor
29 in constructing a residential property, a modular home, or a manufactured
30 home;

31 (2) “Eligible energy efficient residential property” means a
32 newly constructed residential property, a modular home, or a newly
33 constructed manufactured home property that is:

34 (A) Located in the state;

35 (B) Substantially complete after December 31, 2007; and

36 (C) Certified by an accredited Residential Energy Services



1 Network provider using the Home Energy Rating System to have:

2 (i) Annual heating and cooling energy consumption
3 that is at least twenty percent (20%) below the annual level of heating and
4 cooling energy consumption of a comparable residential property constructed
5 in accordance with the standards of the 2003 International Conservation Code
6 (ICC) as it exists on January 1, 2007;

7 (ii) Heating and cooling equipment efficiencies that
8 correspond to the minimum allowed under the regulations established by the
9 United States Department of Energy pursuant to the National Appliance Energy
10 Conservation Act of 1987 as it exists on January 1, 2007; and

11 (iii) Building envelope component improvements that
12 account for at least one-fifth (1/5) of the reduced annual heating and
13 cooling energy consumption levels;

14 (3) "Eligible expenditure" means:

15 (A) An energy-efficient heating or cooling system; and

16 (B) Insulation material or an insulation system including
17 without limitation, singly or in combination, a window, a skylight, or an
18 exterior door installed on the residential property and designed primarily
19 to:

20 (i) Reduce heat gain or loss;

21 (ii) Eliminate air infiltration; and

22 (iii) Meet the American Society for Testing
23 Materials test standard E283 and perform at a minimum air permeability rating
24 of .02 liters/second/meter squared tested at 3.25" and 75 Pa pressure.

25 (4) "Home Energy Rating System" means a national standard
26 measurement of a home's energy efficiency developed by the Residential Energy
27 Services Network (RESNET);

28 (5) "Residential Energy Services Network (RESNET)" means the
29 501(c)(3) organization founded by the National Association of State Energy
30 Officials and Energy Rated Homes of America to provide technical, program and
31 marketing assistance to promote energy efficient homes; and

32 (6) "Residential Energy Services Network (RESNET) provider"
33 means a provider certified by RESNET to subscribe to a code of ethics,
34 standards of practice, and financial interest disclosures for the purpose of
35 increasing consumer confidence in energy efficiency home products.

36 (b) There is allowed an income tax credit against the tax imposed by

1 the Income Tax Act of 1929, § 26-51-101 et seq. for an eligible expenditure
 2 incurred by a contractor in the construction of energy efficient residential
 3 property.

4 (c) A contractor may claim a credit under subsection (d) or (e) of
 5 this section once per taxable year for eligible expenditures substantially
 6 completed during the taxable year that the income tax credit is claimed.

7 (d) An income tax credit in the aggregate not to exceed two thousand
 8 dollars (\$2,000) may be claimed by a contractor that purchases and installs
 9 an eligible expenditure on an eligible energy efficient residential property
 10 that is certified as twenty-five percent (25%) or more above the 2003
 11 International Conservation Code (ICC) as it existed on January 1, 2007.

12 (e) An income tax credit in the aggregate not to exceed of four
 13 thousand dollars (\$4,000.00) may be claimed by a contractor that purchases
 14 and installs an eligible expenditure on an eligible energy efficient
 15 residential property that is certified as fifty percent (50%) or more above
 16 the 2003 International Conservation Code (ICC) as it existed on January 1,
 17 2007.

18 (f) If an income tax credit allowed pursuant to this section exceeds
 19 the amount of state income taxes due or if there are no state income taxes
 20 due on the income of the contractor, the amount of the income tax credit
 21 allowed but not used in any taxable year shall not be carried forward as a
 22 credit against subsequent income tax liability and shall not be refunded to
 23 the contractor.

24 (g) The Department of Finance and Administration shall promulgate
 25 rules necessary to implement this section.

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 27 SECTION 2. Effective date. This act is effective for tax years
 28 beginning on or after January 1, 2007.

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