

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1697

Bill Subtitle: TO CREATE A LIMITED INCOME TAX EXEMPTION FOR QUALIFIED PHOTOVOLTAIC MANUFACTURERS.

Basic Change :

Representative Leding

Senator D. Johnson

This bill creates an income tax exemption for qualified photovoltaic manufacturers. To qualify, the manufacturer must invest at least \$20,000,000 in a new or expanded facility, create at least 100 new jobs, locate the facility in Arkansas between January 1, 2013 and June 30, 2023, and sign a financial incentive agreement with the Arkansas Economic Development Commission. The number of years that the income tax exemption is allowed is based on a calculation using variables that include the average hourly wage paid by the manufacturer, the number of new jobs created, and the amount of the proposed investment to be made by the manufacturer. However, the exemption allowed under this Act shall not exceed 20 years. The Act becomes effective for tax years beginning on or after January 1, 2013, and no company may qualify for the exemption after June 30, 2023.

Revenue Impact :

No impact to current state tax revenues since this exemption would only become effective in the future if a business comes to Arkansas and establishes a new facility.

Taxpayer Impact :

Qualifying manufacturers will receive an income tax exemption for up to 20 years.

Resources Required :

None.

Time Required :

Adequate time is provided.

Procedural Changes :

Educate staff of law change.

Legal Analysis :

This bill provides an income tax exemption to a photovoltaic manufacturer for a number of years up to 20 based on wages paid, number of jobs created, and investment. The manufacturer must invest at least \$20 million, create at least 100 new jobs, and locate the new or expanded facility in the state between January 1, 2013 and June 30, 2023. The exemption would apply to tax years beginning on or after January 1, 2013. The bill would become effective 90 days after adjournment of the session.