

INTERIM STUDY PROPOSAL 2021-101

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021

A Bill

HOUSE BILL 1751

4 By: Representative Ennett

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6
7 Filed with: Arkansas Legislative Council
8 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

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

15 TO DEFINE "RENEWABLE ENERGY EQUIPMENT";
16 AND TO ESTABLISH THE METHODS AND
17 PROCEDURES FOR VALUATION OF RENEWABLE
18 ENERGY EQUIPMENT FOR PROPERTY TAXATION.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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

26 (a) The General Assembly finds that:

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

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

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

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

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

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

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

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

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

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

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

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

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

28 26-26-1126. Renewable energy equipment.

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

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

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

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

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

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

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

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

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

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

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

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24 Referred by Representative Ennett

25 Prepared by: RWO/RWO

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