

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 83rd General Assembly
3 Regular Session, 2001
4

A Bill

Act 1284 of 2001
HOUSE BILL 2237

5 By: Representatives Rackley, Magnus, Cleveland
6 By: Senator Riggs
7

For An Act To Be Entitled

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9
10 AN ACT TO AMEND THE ARKANSAS EMERGING ENERGY
11 TECHNOLOGY ACT TO ADD TECHNOLOGIES ELIGIBLE FOR TAX
12 BENEFITS; TO EXTEND THE CARRYFORWARD ON INCOME TAX
13 CREDITS EARNED; TO CLARIFY THE BENEFIT OF FACILITIES
14 AND EQUIPMENT; TO ADD DEFINITIONS; AND FOR OTHER
15 PURPOSES.
16

Subtitle

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18 TO AMEND THE ARKANSAS EMERGING ENERGY
19 TECHNOLOGY ACT.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code 15-4-2101 is amended to read as follows:
26 15-4-2101. Title.

27 This subchapter shall be known and may be cited as the "Arkansas
28 Emerging Energy Technology Development Act of 1999".
29

30 SECTION 2. Arkansas Code 15-4-2102 is amended to read as follows:
31 15-4-2102. Legislative Findings.

32 (a) All sectors of the Arkansas economy, job creation potential, and
33 the physical environment are driven by the flow of energy and the non-stop
34 emergence of new technologies. ~~in our economy and society, which in turn is~~
35 ~~heavily influenced by the level and use of energy technology.~~ Energy
36 technology plays an essential role in the efficient consumption and wise

1 utilization of energy resources, has dramatic impacts on all state and
2 national economies, and can help to improve environmental conditions. These
3 facts, along with the technical and economic conditions around the world,
4 have resulted in the demand for improved energy technologies.

5 (b) Energy technology plays an essential role in the efficient
6 consumption and wise utilization of energy resources, has dramatic impacts on
7 all state and national economies, and can help to improve environmental
8 conditions. These facts, along with the technical and economic conditions
9 around the world, have resulted in the demand for improved energy
10 technologies.

11 ~~(b)(c)~~ Leading-edge energy technologies are being developed,
12 demonstrated, and manufactured in other states in order to meet their own
13 energy needs, as well as to support economic development by responding to the
14 rapidly expanding world-wide export market for these technologies. ~~Arkansas~~
15 ~~has been slow to recognize the potential economic and technical benefits of~~
16 ~~these and other emerging energy technologies.~~

17 (d) Other emerging technologies are being developed, demonstrated, and
18 manufactured in other states in order to support economic development by
19 responding to the emergence of new technologies and the rapidly expanding
20 world-wide export market for such technologies.

21 (e) Arkansas has been slow to recognize the potential economic and
22 technical benefits of these energy and other emerging technologies. Many of
23 the emerging technologies are at the nanometer scale or nanoscale and are
24 referred to collectively as nanotechnologies.

25 ~~(e)(f)~~ Therefore, the General Assembly finds that it is in Arkansas'
26 long-term interest to establish a foothold in the Arkansas economy for
27 manufacturers of advanced energy and other emerging technologies that are
28 magnets for capital investment and which spin off jobs that are
29 characteristically knowledge-based.

30 (g) Therefore, the General Assembly further finds that it is in
31 Arkansas' long-term interest to encourage the application of nanotechnology
32 to biotechnology and agriculture, manufacturing and materials, medicine and
33 health, photonics, nanoelectronics and computer technology, environment and
34 energy, aeronautics and space, and national security.

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36 SECTION 3. Arkansas Code 15-4-2103 is amended to read as follows:

1 15-4-2103. Definitions.

2 For the purposes of this subchapter:

3 (1) "Electric powered vehicle" may include vehicles powered only by
4 electric batteries, vehicles powered by a combination of electric batteries
5 and internal combustion engines, and vehicles powered by fuel cell equipment;

6 (2) "Electric vehicle equipment" means those products designed,
7 manufactured, and produced as original equipment components and intended for
8 express use in an electric powered vehicle which may qualify for registration
9 and licensure as a passenger vehicle by the State of Arkansas;

10 (3) "Fuel cells" means those products designed, manufactured, and
11 produced to convert hydrocarbon fuel to heat and electricity by
12 electrochemical means; ~~and~~

13 (4) "Microturbines" means one (1) megawatt or smaller, high-speed
14 generator power plant that includes the turbine, compressor, generator, all
15 of which are on a single shaft, as well as the power electronics to deliver
16 power to the grid;

17 (5) "Nanotechnology" means the materials and systems whose structures
18 and components exhibit novel and significantly improved physical, chemical,
19 and biological properties, phenomena, and processes due to their nanoscale
20 size;

21 ~~(4)~~(6) "Photovoltaic devices" means those products designed,
22 manufactured, and produced to convert sunlight directly into electricity;
23 and

24 (7) "Stirling engine" means a high-temperature, high pressure
25 externally heated engine that uses an alternatively heated and cooled working
26 gas.

27

28 SECTION 4. Arkansas Code 15-4-2104 is amended to read as follows:

29 15-4-2104. Credit Allowance.

30 (a) There shall be allowed a credit against the income tax imposed by
31 the Income Tax Act of 1929, § 26-51-101 et seq., in an amount as determined
32 in subsection (b) of this section for any Arkansas taxpayer for the cost of a
33 facility located in Arkansas which designs, develops, or produces
34 photovoltaic devices, electric vehicle equipment, ~~or~~ fuel cells,
35 microturbines, Stirling engines or devices which are reliant upon
36 nanotechnology.

1 (b) The amount of the credit allowed shall be equal to fifty percent
2 (50%) of the amount spent during the taxable year to purchase or construct
3 the facility, including land acquisition, infrastructure improvements,
4 renovation, building improvements, machinery, and other manufacturing
5 equipment.

6 (c) The costs of service contracts unrelated to the construction of
7 the facility and sales tax shall not be included in determining the amount of
8 the credit.

9 (d)(1) No income tax credit shall be claimed by any taxpayer for any
10 facility or equipment which ~~is in use~~ was used in the manufacturing of any of
11 the technologies listed in subsection (a) of this section on or before
12 January 1, 2000, or for which a tax credit was previously claimed by any
13 other taxpayer for any other tax year.

14 (2) Provided, however, that the provisions of this subsection
15 shall not apply if any entity is sold and the entity is entitled to an income
16 tax credit under this subchapter.

17 (e) This credit shall not be allowed for any portion of facility costs
18 which were provided by federal, state, or local grants.

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20 SECTION 5. Arkansas Code 15-4-2105 is amended to read as follows:

21 15-4-2105. Limit on credit amount – Refund of credit amount.

22 (a)(1) The credit allowed by § 15-4-2104 may not exceed the amount of
23 the tax imposed for the taxable year reduced by the sum of all state credits
24 allowable, except payments of tax made by or on behalf of the taxpayer.

25 (2) Any unused credit may be carried forward for a maximum of
26 ~~six (6)~~ fourteen (14) taxable years after the credit year in which the credit
27 originated.

28 (b) The taxpayer shall refund the amount of the income tax credit
29 determined by subsection (c) of this section if within ~~six (6)~~ fourteen (14)
30 years of the taxable year for which the credit is originated;_

31 ~~(1) The facility subject to this tax credit ceases to be used or~~
32 ~~operated in the manner required by this section; and~~

33 ~~(2) The~~ the Department of Economic Development and the
34 Department of Finance and Administration find that the taxpayer has ceased to
35 qualify for the tax credits under the provisions of this subchapter.

36 (c)(1) In the event it is determined that any taxpayer receiving the

1 benefits under this subchapter has failed to comply with the conditions
2 contained herein, that taxpayer shall be liable for the payment of such
3 additional income taxes as may be due after the income tax credits provided
4 for in this subchapter are disallowed, plus penalties and interest.

5 (2) In accordance with § 26-18-208(2)(B), there shall be added
6 to the original tax due a penalty of one percent (1%) of the additional tax
7 due for not more than one (1) month, with an additional one percent (1%) for
8 each additional month or fraction thereof, from the original due date of the
9 tax year in question until the date of payment, not to exceed thirty-five
10 percent (35%) in the aggregate.

11 (3) In accordance with § 26-18-508, interest shall be assessed
12 at ten percent (10%) per annum from the date the original tax would have been
13 due until the date of payment.

14 (d) A taxpayer who receives a credit under this subchapter for the
15 purchase of machinery or equipment shall not be entitled to claim any other
16 state income tax credit or deduction based on the purchase of the machinery
17 or equipment, except the deduction for normal depreciation.

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20 APPROVED: 4/5/2001
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