

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1201

As Engrossed: 2/4/2015

Bill Subtitle: TO PROVIDE QUALIFIED MANUFACTURERS OF STEEL WITH ALTERNATE QUALIFICATION STANDARDS AND AN EXTENDED CARRY-FORWARD PERIOD FOR THE INCOME TAX CREDIT ALLOWED FOR WASTE REDUCTION, REUSE, OR RECYCLING EQUIPMENT.

Basic Change : Sponsor: Representative Jett

Engrossment 02/04/15 --- House Amendment 1 - Amends the bill to clarify that the carry-forward extension period is available only to qualified manufacturers of steel that meet the investment thresholds established by Ark. Code Ann. §§ 26-51-1212, 26-52-901, 26-52-912, and Acts 1084 and 1476 of 2013.

Original Bill - This bill will extend the carry forward period from 3 years to 14 years for income tax credits earned by qualified steel mills for the purchase of waste reduction, reuse, or recycling equipment. To qualify, the taxpayer must have obtained certification from the Arkansas Economic Development Commission (AEDC) acknowledging that at least \$120,000,000 had been invested in a steel mill or that at least \$500,000,000 had been invested in a steel mill through an Amendment 82 project. This amendment would apply to income tax credits certified on and after January 1, 2015.

Revenue Impact :

No Impact on State Revenues --- FY2016 through FY2019

[Fiscal year 2020 would be the earliest fiscal year that could have any potential impact resulting from the extension of the carry-forward period. Earned recycling tax credits seldom go unused. There would have to be a substantial purchase of recycling equipment in a single tax year in order to use the extended years.]

Taxpayer Impact :

Qualified manufacturers of steel will have 14 years to use their tax credits instead of 3 years.

Resources Required :

None

Time Required :

Adequate time is provided for implementation

Procedural Changes :

Education of staff in statutory changes

Other Comments :

None.

Legal Analysis :

HB1201 proposes to extend the carryforward period for recycling income tax credits by a qualified steel mill that invests as least \$120M in a steel mill project. The carryforward period is extended from 3 years to 14 years.