

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.

INTERIM STUDY PROPOSAL 2007-076

State of Arkansas
86th General Assembly
Regular Session, 2007

A Bill

HOUSE BILL 2561

By: Representative Key

Referred to
Revenue & Taxation- House
by the House of Representatives
on 03/28/2007

For An Act To Be Entitled

AN ACT TO ENCOURAGE ENERGY EFFICIENCY BY ALLOWING
INCOME TAX CREDITS FOR PURCHASE AND INSTALLATION
OF ENERGY EFFICIENCY IMPROVEMENTS TO RESIDENCES;
AND FOR OTHER PURPOSES.

Subtitle

THE CONSUMER ENERGY EFFICIENCY INCOME
TAX CREDIT ACT OF 2007.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 51, is amended to add an additional section to read as follows:

26-25-513. Energy Tax Credits.

(a) As used in this section:

(1) "Advance main air circulating fan" means an advance main air circulating fan with a tax credit specification of no more than two percent (2%) of furnace total energy use that meets the standards prescribed in 26 U.S.C. § 25C as it existed on January 1, 2007;

(2) "Air source heat pumps" means an air source heat pump with a tax credit specification of Heating Season Performance Factor (HSPF) 9, Energy Efficiency Ratio (EER) 13, Seasonal Energy Efficiency Ratio (SEER) 15

1 that meets the standards as prescribed in 26 U.S.C. § 25C as it existed on
 2 January 1, 2007;

3 (3) "Electric heat pump water heater" means an electric heat
 4 pump water heater with a tax credit specification of Energy Factor 2.0 that
 5 meets the standards prescribed in 26 U.S.C. § 25C as it existed on January 1,
 6 2007;

7 (4) "ENERGY STAR" means the voluntary labeling program of the
 8 United States Environmental Protection Agency (USEPA) and the United States
 9 Department of Energy (USDOE) that identifies energy efficient products that
 10 exceed minimum federal standards for energy consumption, or where no federal
 11 standards exist, have certain energy saving features accepted by the USEPA
 12 and the USDOE under the program as it existed on January 1, 2007;

13 (5) "Exterior doors" means an exterior door with a tax credit
 14 specification that meets the 2003 International Energy Conservation Code
 15 (IECC) standard as it existed on January 1, 2007;

16 (6) "Exterior windows and skylights" means exterior windows and
 17 skylights with a tax credit specification that includes all ENERGY STAR
 18 labeled exterior windows and skylights or that meet the 2003 International
 19 Energy Conservation Code (IECC) standard as it existed on January 1, 2007;

20 (7) "Gas, oil, or propane furnace or hot water boiler" means a
 21 gas, oil or propane furnace or hot water boiler with a tax credit
 22 specification of Annual Fuel Utilization Efficiency (AFUE) 95 for both
 23 furnaces and boilers that meet the standards prescribed in 26 U.S.C. § 25C as
 24 it existed on January 1, 2007;

25 (8) "Gas, oil, or propane water heater" means a gas, oil, or
 26 propane water heater with a tax credit specification of Energy Factor 0.80
 27 that meets the standards prescribed in 26 U.S.C. § 25C as it existed on
 28 January 1, 2007;

29 (9) "Geo-thermal heat pumps" means a geo-thermal heat pump with
 30 a tax credit specification of ENERGY STAR, Energy Efficiency Ratio (EER) 14.1
 31 COP 3.3 Closed Loop, Energy Efficiency Ratio (EER) 16.2 COP 3.6 Open Loop, or
 32 Energy Efficiency Ratio (EER) 15 COP 3.5 Direct Expansion that meets the
 33 standards prescribed in 26 U.S.C. § 25C as it existed on January 1, 2007;

34 (10) "Manufacturer's Certification Statement" means a statement
 35 provided to a purchaser of a qualified energy efficiency improvement that
 36 includes:

1 (A) The name and address of the manufacturer;

2 (B) The class of the qualified energy efficiency
 3 improvement product as listed in 26 U.S.C. § 25C as it existed on January 1,
 4 2007, for products placed in service after December 31, 2005; and

5 (C) The make, model number, and any other appropriate
 6 identifiers of the product;

7 (11) "Qualified energy efficiency improvement" means the
 8 purchase and installation of any energy efficient component listed in this
 9 section that meets the prescriptive criteria for such component established
 10 by the 2003 International Energy Conservation Code (IECC) as it existed on
 11 January 1, 2007;

12 (12) "Storm doors" means a storm door with a tax credit
 13 specification of a storm door in combination with a wood door assigned a
 14 default U-factor by the 2003 International Energy Conservation Code (IECC)
 15 standards as it existed on January 1, 2007 and that does not exceed the
 16 default U-factor requirement assigned to the combination by the that meets
 17 the standards prescribed in 26 U.S.C. § 25C as it existed on January 1, 2007;
 18 and

19 (13) "Storm windows" means a storm window with a tax credit
 20 specification that the storm window, in combination with the exterior window
 21 over which it is installed, meets 2003 International Energy Conservation Code
 22 (IECC) standards as it existed on January 1, 2007 for the applicable climate
 23 zone and that meets the standards prescribed in 26 U.S.C. § 25C as it existed
 24 on January 1, 2007.

25 (b) There shall be allowed a tax credit against the tax imposed by the
 26 Income Tax Act of 1929, § 26-51-101 et seq., for the amount paid or incurred
 27 by the taxpayer for qualified energy efficiency improvements to the
 28 taxpayer's residential property.

29 (c) The maximum amount of tax credit for the aggregate purchase of
 30 items listed in subsection (b) of this section shall not exceed five hundred
 31 dollars (\$500) per taxpayer for the taxable year and shall be credited as
 32 follows:

33 (1) Exterior windows and skylights, ten percent (10%) of cost,
 34 up to two hundred dollars (\$200);

35 (2) Storm windows, ten percent (10%) of cost, up to two hundred
 36 dollars (\$200);

1 (3) Exterior doors, ten percent (10%) of cost, up to five
 2 hundred dollars (\$500);

3 (4) Storm doors, ten percent (10%) of cost, up to five hundred
 4 dollars (\$500);

5 (5) Air source heat pumps, three hundred dollars (\$300);

6 (6) Geo-thermal heat pumps, three hundred dollars (\$300);

7 (7) Gas, oil, or propane furnace or hot water boiler, one
 8 hundred fifty dollars (\$150);

9 (8) Advance main air circulating fan, fifty dollars (\$50.00);

10 (9) Gas, oil, or propane water heater, three hundred dollars
 11 (\$300); and

12 (10) Electric heat pump water heater, three hundred dollars
 13 (\$300).

14 (d) To claim a tax credit under subdivisions (c) of this section, a
 15 taxpayer shall:

16 (1) Certify to the Director of the Department of Finance and
 17 Administration that:

18 (A) The taxpayer has paid or incurred an expense for the
 19 purchase of a qualified energy efficiency improvement;

20 (B) The expense occurred during tax years beginning
 21 January 1, 2007 through December 31, 2009;

22 (C) Not later than December 31, 2010, the qualified energy
 23 efficiency improvement is affixed to the residence as the design is intended
 24 for use by the manufacturer, and

25 (D) The cost of service contracts, sales tax, maintenance,
 26 and repairs is not included in determining the amount of the credit; and

27 (2) Provide the receipt from the purchase and the ENERGY STAR
 28 Label or Manufacturer's Certification Statement, whichever is applicable,
 29 with the certification required in subdivision (d)(1) of this section.

30 (e) The amount of the tax credit that may be used by a taxpayer for a
 31 taxable year may not exceed the amount of state income tax otherwise due.

32 (f) A taxpayer who receives a tax credit under this section is not
 33 entitled to claim any other state or local tax credit or deduction based on t
 34 he purchase of the qualified energy efficiency improvement, except for the
 35 deduction for normal depreciation.

36 (g)(1) The Department of Finance and Administration shall promulgate

1 rules to implement this section.

2 (2) Rules promulgated under subdivision (g)(1) of this section
3 may include, but are not limited to, the establishment of additional
4 technical specifications to the tax credit specifications prescribed in 26
5 U.S.C. § 25C as it existed on January 1, 2007, and may establish requirements
6 for information and documentation for taxpayers seeking a tax credit under
7 this section.

8 (3) In order to determine eligibility for the tax credit or to
9 ensure that the qualified energy efficiency improvement is being utilized in
10 the required manner, the department shall have the right to inspect
11 facilities and records of a taxpayer requesting or receiving a tax credit
12 under this section.

13 (h) Any taxpayer aggrieved by a decision of the director under this
14 section may appeal to the department through the Arkansas Administrative
15 Procedure Act, § 25-15-201 et seq.

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17 SECTION 2. This act is effective for tax years beginning January 1,
18 2007 and thereafter.

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