

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 2009-102

State of Arkansas  
87th General Assembly  
Regular Session, 2009

**A Bill**

SENATE BILL 946

By: Senator J. Key

Filed with: Senate Interim Committee on Revenue and Taxation  
pursuant to A.C.A. §10-3-217.

**For An Act To Be Entitled**

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

**Subtitle**

THE CONSUMER ENERGY EFFICIENCY INCOME  
TAX CREDIT ACT OF 2009.

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

SECTION 1. Energy Tax Credit.

(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, 2009;

(2) "Air source heat pump" means an air source heat pump with a tax credit specification of Heating Season Performance Factor Ratio 9, Energy Efficiency Ratio 13, and Seasonal Energy Efficiency Ratio 15 that meets the standards as prescribed in 26 U.S.C. § 25C as it existed on January 1, 2009;

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



1 2009;

2 (4) "ENERGY STAR" means the voluntary labeling program of the  
3 United States Environmental Protection Agency and the United States  
4 Department of Energy that identifies energy efficient products that exceed  
5 minimum federal standards for energy consumption, or where no federal  
6 standards exist, have certain energy saving features accepted by the United  
7 States Environmental Protection Agency and the United States Department of  
8 Energy under the voluntary labeling program as it existed on January 1, 2009;

9 (5) "Exterior door" means an exterior door with a tax credit  
10 specification that meets the 2003 International Energy Conservation Code  
11 standard as it existed on January 1, 2009;

12 (6) "Exterior windows and skylights" means exterior windows and  
13 skylights with a tax credit specification that includes all ENERGY STAR  
14 labeled exterior windows and skylights or that meet the 2003 International  
15 Energy Conservation Code standard as it existed on January 1, 2009;

16 (7) "Gas, oil, or propane furnace or hot water boiler" means a  
17 gas, oil, or propane furnace or hot water boiler with a tax credit  
18 specification of Annual Fuel Utilization Efficiency 95 for both furnaces and  
19 boilers that meet the standards prescribed in 26 U.S.C. § 25C as it existed  
20 on January 1, 2009;

21 (8) "Gas, oil, or propane water heater" means a gas, oil, or  
22 propane water heater with a tax credit specification of Energy Factor 0.80  
23 that meets the standards prescribed in 26 U.S.C. § 25C as it existed on  
24 January 1, 2009;

25 (9) "Geo-thermal heat pump" means a geo-thermal heat pump with a  
26 tax credit specification of ENERGY STAR, Energy Efficiency Ratio 14.1 COP 3.3  
27 Closed Loop, Energy Efficiency Ratio 16.2 COP 3.6 Open Loop, or Energy  
28 Efficiency Ratio 15 COP 3.5 Direct Expansion that meets the standards  
29 prescribed in 26 U.S.C. § 25C as it existed on January 1, 2009;

30 (10) "Manufacturer's certification statement" means a statement  
31 provided to a purchaser of a qualified energy efficiency improvement that  
32 includes:

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

34 (B) The class of the qualified energy efficiency  
35 improvement product as listed in 26 U.S.C. § 25C as it existed on January 1,  
36 2009, for products placed in service after December 31, 2005; and

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

3                   (11) "Qualified energy efficiency improvement" means the  
4 purchase and installation of any energy efficient component listed in this  
5 section that meets the prescriptive criteria for the energy efficient  
6 component established by the 2003 International Energy Conservation Code as  
7 it existed on January 1, 2009;

8                   (12) "Storm door" means a storm door with a tax credit  
9 specification of a storm door in combination with a wood door assigned a  
10 default U-factor by the 2003 International Energy Conservation Code standards  
11 as it existed on January 1, 2009 and that does not exceed the default U-  
12 factor requirement assigned to the combination by the International Energy  
13 Conservation Code that meets the standards prescribed in 26 U.S.C. § 25C as  
14 it existed on January 1, 2009; and

15                   (13) "Storm window" means a storm window with a tax credit  
16 specification that the storm window, in combination with the exterior window  
17 over which it is installed, meets 2003 International Energy Conservation Code  
18 standards as it existed on January 1, 2009 for the applicable climate zone  
19 and that meets the standards prescribed in 26 U.S.C. § 25C as it existed on  
20 January 1, 2009.

21                   (b) There is allowed an income tax credit against the tax imposed by  
22 the Income Tax Act of 1929, § 26-51-101 et seq., for the amount paid or  
23 incurred by the taxpayer for a qualified energy efficiency improvement to the  
24 taxpayer's residential property.

25                   (c) The maximum amount of income tax credit for the aggregate purchase  
26 of qualified energy efficient improvements shall not exceed five hundred  
27 dollars (\$500) per taxpayer for the taxable year and shall be credited as  
28 follows:

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

31                   (2) Storm window, ten percent (10%) of cost, up to two hundred  
32 dollars (\$200);

33                   (3) Exterior door, ten percent (10%) of cost, up to five hundred  
34 dollars (\$500);

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

- 1           (5) Air source heat pump, three hundred dollars (\$300);
- 2           (6) Geo-thermal heat pump, three hundred dollars (\$300);
- 3           (7) Gas, oil, or propane furnace or hot water boiler, one
- 4 hundred fifty dollars (\$150);
- 5           (8) Advance main air circulating fan, fifty dollars (\$50.00);
- 6           (9) Gas, oil, or propane water heater, three hundred dollars
- 7 (\$300); and
- 8           (10) Electric heat pump water heater, three hundred dollars
- 9 (\$300).

10           (d) To claim an income tax credit under this section, a taxpayer  
11 shall:

12                   (1) Certify to the Director of the Department of Finance and  
13 Administration that:

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

16                           (B) The expense occurred during tax years beginning  
17 January 1, 2009 through December 31, 2011;

18                           (C) Not later than December 31, 2012, the qualified energy  
19 efficiency improvement is affixed to the residence as the design of the  
20 qualified energy efficient improvement is intended for use by the  
21 manufacturer; and

22                           (D) The cost of service contracts, sales tax, maintenance,  
23 and repairs is not included in determining the amount of the income tax  
24 credit; and

25                           (2) Provide the receipt from the purchase and the ENERGY STAR  
26 label or Manufacturer's certification statement, whichever is applicable,  
27 with the certification required in subdivision (d)(1) of this section.

28           (e) The amount of the income tax credit under this section that may be  
29 used by a taxpayer for a taxable year may not exceed the amount of state  
30 income tax due.

31           (f) A taxpayer who receives an income tax credit under this section  
32 shall not claim any other state or local tax credit or deduction based on the  
33 purchase of the qualified energy efficiency improvement, except for the  
34 deduction for normal depreciation of the qualified energy efficiency  
35 improvement.

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 without limitation the establishment of additional technical  
4 specifications to the income tax credit specifications prescribed in 26  
5 U.S.C. § 25C as it existed on January 1, 2009, and may establish requirements  
6 for information and documentation for taxpayers seeking an income tax credit  
7 under this section.

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

13 (h) A taxpayer may appeal a decision of the director under this  
14 section under the Arkansas Tax Procedure Act, § 26-18-101 et seq.

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16 SECTION 2. Effective date. This act is effective for tax years  
17 beginning on or after January 1, 2009 and expires December 31, 2011.

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36 Filed Date: 04/07/2009 By: LMG\VJF