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	As Engrossed: S3/18/05	
2	85th General Assembly	A Bill	
3	Regular Session, 2005		SENATE BILL 1191
4			
5	By: Senator Madison		
6			
7			
8		For An Act To Be Entitled	
9	AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR THE		
10	PURCHASE OF INSULATION INSTALLED IN RESIDENTIAL		
11	RENTAL	PROPERTY; AND FOR OTHER PURPOSES.	
12			
13		Subtitle	
14	TO P	ROVIDE AN INCOME TAX CREDIT FOR TH	E
15	PURC	CHASE OF INSULATION INSTALLED IN	
16	RESI	DENTIAL RENTAL PROPERTY.	
17			
18			
19	BE IT ENACTED BY THE	GENERAL ASSEMBLY OF THE STATE OF A	RKANSAS:
20			
21	SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5 is amended		
22	to add an additional	section to read as follows:	
23	<u>26-51-512</u> . Inst	ulation installed in residential re	ental property.
24	(a) A credit i	s allowed against the tax imposed b	by the Income Tax Act
25	of 1929, § 26-51-101	et seq., in the amount of fifty per	rcent (50%) of the
26	purchase price and in	stallation costs of insulation rate	ed R-19 or higher
27	installed by a taxpay	er in real property that is rented	or leased for use as
28	a residence if the in	sulation is:	
29	<u>(1) Purc</u>	hased on or after January 1, 2005;	and
30	<u>(2) Inst</u>	alled on or after January 1, 2005,	in a structure that
31	was constructed before	<u>e January 1, 2005.</u>	
32	<u>(b)(1) The cre</u>	dit allowed under this section:	
33	<u>(A)</u>	May only be used for the tax year	r in which the credit
34	was earned to offset	the tax liability of the taxpayer i	for that tax year;
35	<u>(B)</u>	Is not refundable; and	
36	<u>(C)</u>	May not be carried forward.	

03-18-2005 08:23 KWH264

1	(2)(A) If insulation is purchased and installed in the same tax		
2	year, the credit is earned under this section in that tax year.		
3	(B) If insulation is purchased in one (1) tax year and		
4	installed in a separate tax year, the credit is earned under this section:		
5	(i) On the purchase of insulation in the tax year in		
6	which the insulation is purchased; and		
7	(ii) On the cost of installation of the insulation		
8	in the tax year in which the insulation is installed.		
9	(c) If a pass-through entity owned by two (2) or more persons earns a		
10	tax credit under this section, the tax credit may be allocated among the		
11	pass-through entity owners by:		
12	(1) The method selected by the owners and described in the		
13	governing documents of the pass-through entity; or		
14	(2) Other written agreement among the owners.		
15	(d) If a taxpayer claims a tax credit under this section and the		
16	Director of the Department of Finance and Administration subsequently		
17	determines that the taxpayer did not qualify for the tax credit, the director		
18	shall assess the taxpayer the amount of the tax credit claimed along with any		
19	applicable interest and penalty as authorized by the Arkansas Tax Procedure		
20	<u>Act, § 26-18-101 et seq.</u>		
21	(e) This section shall be effective for tax years beginning on or		
22	after January 1, 2005.		
23			
24	/s/ Madison		
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			

SB1191