

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 86th General Assembly  
3 Regular Session, 2007

# A Bill

HOUSE BILL 2561

4  
5 By: Representative Key

## For An Act To Be Entitled

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7  
8 AN ACT TO ENCOURAGE ENERGY EFFICIENCY BY ALLOWING  
9 INCOME TAX CREDITS FOR PURCHASE AND INSTALLATION  
10 OF ENERGY EFFICIENCY IMPROVEMENTS TO RESIDENCES;  
11 AND FOR OTHER PURPOSES.  
12

## Subtitle

13  
14 THE CONSUMER ENERGY EFFICIENCY INCOME  
15 TAX CREDIT ACT OF 2007.  
16

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18  
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

20  
21 SECTION 1. Arkansas Code Title 26, Chapter 51, is amended to add an  
22 additional section to read as follows:

23 26-25-513. Energy Tax Credits.

24 (a) As used in this section:

25 (1) "Advance main air circulating fan" means an advance main air  
26 circulating fan with a tax credit specification of no more than two percent  
27 (2%) of furnace total energy use that meets the standards prescribed in 26  
28 U.S.C. § 25C as it existed on January 1, 2007;

29 (2) "Air source heat pumps" means an air source heat pump with a  
30 tax credit specification of Heating Season Performance Factor (HSPF) 9,  
31 Energy Efficiency Ratio (EER) 13, Seasonal Energy Efficiency Ration (SEER) 15  
32 that meets the standards as prescribed in 26 U.S.C. § 25C as it existed on  
33 January 1, 2007;

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



1 2007;

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

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

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

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

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

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

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

- 32 (A) The name and address of the manufacturer;
- 33 (B) The class of the qualified energy efficiency  
 34 improvement product as listed in 26 U.S.C. § 25C as it existed on January 1,  
 35 2007, for products placed in service after December 31, 2005; and
- 36 (C) The make, model number, and any other appropriate

1 identifiers of the product;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27           (f) A taxpayer who receives a tax credit under this section is not  
 28 entitled to claim any other state or local tax credit or deduction based ont  
 29 he purchase of the qualified energy efficiency improvement, except for the  
 30 deduction for normal depreciation.

31           (g)(1) The Department of Finance and Administration shall promulgate  
 32 rules to implement this section.

33           (2) Rules promulgated under subdivision (g)(1) of this section  
 34 may include, but are not limited to, the establishment of additional  
 35 technical specifications to the tax credit specifications prescribed in 26  
 36 U.S.C. § 25C as it existed on January 1, 2007, and may establish requirements

1 for information and documentation for taxpayers seeking a tax credit under  
2 this section.

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

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

11  
12 SECTION 2. This act is effective for tax years beginning January 1,  
13 2007 and thereafter.