

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

As Engrossed: H3/14/17

A Bill

HOUSE BILL 1911

5 By: Representatives Bragg, Barker, Fielding, Shepherd
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE INCOME TAX CREDIT FOR WASTE
9 REDUCTION, REUSE, OR RECYCLING EQUIPMENT; TO CLARIFY
10 THE APPLICATION OF THE INCOME TAX CREDIT FOR WASTE
11 REDUCTION, REUSE, OR RECYCLING EQUIPMENT USED FOR
12 WOOD AND *WOOD FIBER*; AND FOR OTHER PURPOSES.
13
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Subtitle

15 *TO CLARIFY THE APPLICATION OF THE INCOME*
16 *TAX CREDIT FOR WASTE REDUCTION, REUSE, OR*
17 *RECYCLING EQUIPMENT USED FOR WOOD AND*
18 *WOOD FIBER.*
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 *SECTION 1. The introductory language of Arkansas Code § 26-51-506(d),*
25 *concerning the income tax credit for waste reduction, reuse, or recycling*
26 *equipment, is amended to read as follows:*

27 *(d) ~~To~~ Except as provided in subsection (m) of this section, to claim*
28 *the benefits of this section, a taxpayer ~~must~~ shall obtain a certification*
29 *from the Director of the Arkansas Department of Environmental Quality*
30 *certifying to the Revenue Division of the Department of Finance and*
31 *Administration that:*
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33 *SECTION 2. Arkansas Code § 26-51-506(i)(2), concerning the income tax*
34 *credit for waste reduction, reuse, or recycling equipment, is amended to read*
35 *as follows:*

36 *(2) ~~Any~~ Except as otherwise provided in this section, any unused*



1 credit may be carried over for a maximum of three (3) consecutive years
2 following the taxable year in which the credit originated.

3
4 SECTION 3. Arkansas Code § 26-51-506(1), concerning the income tax
5 credit for waste reduction, reuse, or recycling equipment, is amended to read
6 as follows:

7 (1) ~~Any~~ A person or legal entity aggrieved by a decision of the
8 director under subsection (d) or subsection (m) of this section or
9 subdivision (f)(1)(B) of this section may appeal to the Arkansas Pollution
10 Control and Ecology Commission through administrative procedures adopted by
11 the ~~commission~~ Arkansas Pollution Control and Ecology Commission and to the
12 courts in the manner provided in §§ 8-4-222 – ~~8-4-229~~ 8-4-233.

13
14 SECTION 4. Arkansas Code § 26-51-506, concerning the income tax credit
15 for waste reduction, reuse, or recycling equipment, is amended to add an
16 additional subsection to read as follows:

17 (m)(1) A taxpayer qualifies for the income tax credit provided for in
18 subdivision (c)(1) of this section if the taxpayer is engaged in the business
19 of reducing, reusing, or recycling wood or wood fiber that is diverted from
20 becoming solid waste for commercial purposes, whether or not for profit.

21 (2) To claim the benefits of this section, a taxpayer qualifying
22 under this subsection shall obtain a certification from the Director of the
23 Arkansas Department of Environmental Quality certifying to the Revenue
24 Division of the Department of Finance and Administration that:

25 (A) The taxpayer is engaged in the business of reducing,
26 reusing, or recycling wood or wood fiber that is diverted from becoming solid
27 waste;

28 (B) The taxpayer has made or, upon completion of the
29 construction of the taxpayer's facilities, will have made a capital
30 investment in the state in excess of seventy-five million dollars
31 (\$75,000,000) for facilities to be used for reducing, reusing, or recycling
32 wood or wood fiber;

33 (C) The machinery or equipment purchased for the facility
34 is waste reduction, reuse, or recycling equipment; and

35 (D) The machinery or equipment purchased for the facility
36 has a production capability to prevent at least twenty-five thousand (25,000)

1 tons of wood or wood fiber from becoming solid waste annually.

2 (3) A taxpayer that obtains a certification under this
3 subsection is not subject to subdivision (c)(2) of this section, subsection
4 (d) of this section, or subdivision (i)(2) of this section.

5 (4) A taxpayer that qualifies for a tax credit under this
6 subsection may claim the tax credit allowed under this section by requesting
7 certification within eighteen (18) months of the completion of the
8 construction of the taxpayer's facilities.

9 (5)(A) A taxpayer that has made or, upon completion of the
10 construction of the taxpayer's facilities, will have made a capital
11 investment in the state in excess of two hundred million dollars
12 (\$200,000,000) may sell or transfer for value the tax credits allowed under
13 this section if a public retirement system of the State of Arkansas is an
14 equity investor that owns at least twenty percent (20%) of the taxpayer's
15 facilities that will be used for reducing, reusing, or recycling wood or wood
16 fiber.

17 (B)(i) The total amount of tax credits that are sold or
18 transferred under this subsection that may be claimed against the tax imposed
19 under this chapter in a tax year for any taxpayer is limited to the total
20 amount of state general revenue generated directly or indirectly from the
21 taxpayer's facilities that will be used for reducing, reusing, or recycling
22 wood or wood fiber during the previous tax year.

23 (ii)(a) The amount of taxes generated from the
24 taxpayer's facilities that will be used for reducing, reusing, or recycling
25 wood or wood fiber shall be certified by the Department of Finance and
26 Administration at the end of each tax year upon application of the taxpayer
27 under the rules promulgated by the division.

28 (b) As part of the certification process
29 required under subdivision (m)(5)(B)(ii)(a) of this section, the Department
30 of Finance and Administration shall obtain from the Arkansas Economic
31 Development Commission the IMPLAN report created using the taxpayer's data
32 for the tax year for which certification is being sought.

33 (6) The total maximum amount of tax credits allowed under this
34 subsection, including any transferred credits, that may be claimed in a tax
35 year shall not exceed eight million dollars (\$8,000,000).

36 (7) Any unused tax credit that cannot be claimed by a taxpayer

1 in a tax year under this subsection may be carried forward for fourteen (14)
2 consecutive tax years following the tax year in which the tax credit was
3 earned.

4 (8) A credit shall not be claimed or authorized under this
5 section for construction completed before July 1, 2017.

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7 SECTION 5. EFFECTIVE DATE. Sections 1 through 4 of this act are
8 effective for tax years beginning on and after January 1, 2017.

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11 /s/Bragg
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