

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4

# A Bill

HOUSE BILL 1751

5 By: Representative Ennett  
6

## For An Act To Be Entitled

8 AN ACT TO DEFINE "RENEWABLE ENERGY EQUIPMENT"; TO  
9 ESTABLISH THE METHODS AND PROCEDURES FOR VALUATION OF  
10 RENEWABLE ENERGY EQUIPMENT FOR PURPOSES OF PROPERTY  
11 TAXATION; AND FOR OTHER PURPOSES.  
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### Subtitle

14 TO DEFINE "RENEWABLE ENERGY EQUIPMENT";  
15 AND TO ESTABLISH THE METHODS AND  
16 PROCEDURES FOR VALUATION OF RENEWABLE  
17 ENERGY EQUIPMENT FOR PROPERTY TAXATION.  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

24 (a) The General Assembly finds that:

25 (1) Arkansans are a people of independent spirit and are largely  
26 self-reliant;

27 (2) Self-reliance should be fostered among Arkansans and  
28 Arkansas businesses;

29 (3) The availability of electric energy generated from renewable  
30 resources means that people and businesses may be more self-reliant in a  
31 modern world;

32 (4) Production of electric energy from renewable resources  
33 reduces harmful effects that result from the use of nonrenewable fuels;

34 (5) Production of electric energy from renewable resources  
35 reduces our dependence on foreign fuel sources and increases our self-  
36 reliance as a state and nation;



1           (6) Production of electric energy from renewable resources  
 2 provides for a predictable and stable cost of energy;

3           (7) Renewable energy projects by nonutility developers are a  
 4 significant contributor to economic development in this state;

5           (8) Surrounding states have specified methods and procedures  
 6 similar to those in this act for valuation of renewable energy equipment to  
 7 ensure fairness in determining valuation for taxation purposes; and

8           (9)(A) Detailed financial projection models have been developed  
 9 to calculate the benefits and costs of energy produced from renewable energy  
 10 sources so that diligent and analytical business owners can evaluate and plan  
 11 for the financial impact of choosing to undertake a renewable energy project;

12           (B) Critical to this financial analysis is the ability to  
 13 accurately identify all revenue and cost over the lifetime of a renewable  
 14 energy project.

15           (C) A key element of cost that is frequently obscured is  
 16 how property tax will be levied on a renewable energy project, in part  
 17 because county assessors are often inconsistent across the state regarding  
 18 how renewable energy equipment is valued.

19           (b) This act is intended to ascertain, clarify, and make fair, equal,  
 20 and uniform throughout the state the methods and procedures for valuation of  
 21 renewable energy equipment for taxation purposes.

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 23           SECTION 2. Arkansas Code Title 26, Chapter 26, Subchapter 11, is  
 24 amended to add an additional section to read as follows:

25           26-26-1126. Renewable energy equipment.

26           (a)(1) As used in this section, "renewable energy equipment" means  
 27 equipment that harvests solar, wind, or other forms of renewable energy to  
 28 produce a maximum peak output of twenty megawatts (20 MW) AC nameplate  
 29 capacity.

30           (2) "Renewable energy equipment" includes all physical  
 31 components of the installation including without limitation mounting fixtures  
 32 and hardware.

33           (b) Renewable energy equipment shall be taxed as stated under  
 34 subsection (c) of this section if it:

35           (1) Is installed on commercial, industrial, or institutional  
 36 property; or

1           (2) Produces energy metered to or used by commercial, industrial  
2 or institutional property.

3           (c) Renewable energy equipment that meets the conditions stated under  
4 subsection (b) of this section shall be considered tangible personal property  
5 and shall be valued according to the cost method, as follows:

6           (1) The taxable value of the renewable energy equipment shall  
7 reflect the cost less any discounts, rebates, refunds, tax credits or other  
8 reductions received or taken by the owner; and

9           (2) The renewable energy equipment shall be depreciated for  
10 taxation purposes as follows:

11           (A) The renewable energy equipment shall be considered to  
12 have a useful life of ten (10) years or less; and

13           (B) The renewable energy equipment shall be considered to  
14 have a residual value of ten percent (10%) or less after ten (10) years.

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16           SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for  
17 assessment years beginning on or after January 1, 2021.