

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1657

5 By: Representative Beck
6 By: Senator B. Davis
7

For An Act To Be Entitled

8
9 AN ACT TO AMEND THE ARKANSAS WOOD ENERGY PRODUCTS AND
10 FOREST MAINTENANCE INCOME TAX CREDIT; AND FOR OTHER
11 PURPOSES.
12
13

Subtitle

14
15 TO AMEND THE ARKANSAS WOOD ENERGY
16 PRODUCTS AND FOREST MAINTENANCE INCOME
17 TAX CREDIT.
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

21 SECTION 1. Uncodified Acts 2021, No. 594, § 2(7), concerning the
22 legislative findings for Acts 2021, No. 594, is amended to read as follows:

23 (7) In order to attract and maintain industry to use the
24 available fiber resources, support healthy timberland, encourage capital
25 investment in the Arkansas timber industry, ~~and~~ provide well-paying jobs, and
26 use wood byproducts for the production of energy, the creation of a logging
27 and wood fiber transportation job creation income tax credit should be
28 established.
29

30 SECTION 2. Arkansas Code § 26-51-2702 is amended to read as follows:
31 26-51-2702. Legislative purpose and intent.

32 The purpose and intent of this subchapter is to increase capacity in
33 the state for the use of ~~sawmill~~ mill residuals, including sawdust and wood
34 chips, wood byproducts, including bark, and thinnings to maintain a healthy
35 forest, ~~unwanted treetops, and damaged or diseased trees not wanted by~~
36 ~~sawmills~~.



1
2 SECTION 3. Arkansas Code § 26-51-2703(6) and (7), concerning the
3 definitions to be used under the Arkansas Wood Energy Products and Forest
4 Maintenance Income Tax Credit, are amended to read as follows:

5 (6) "Qualified wood energy products and forest maintenance
6 project" means a project specified in the incentive agreement to include one
7 (1) or more Arkansas facilities in the same ownership group:

8 (A) For which the taxpayer commenced construction by the
9 date specified in the incentive agreement, but no earlier than January 1,
10 2020;

11 (B) That supports the Arkansas timber industry by using
12 low-value wood, including without limitation ~~sawmill~~ mill residuals, forest
13 thinnings, unwanted treetops, ~~and~~ damaged or diseased trees, and wood
14 byproducts, including bark, to produce ~~high-efficiency, high-energy wood~~
15 energy products;

16 (C) In which the taxpayer has a total projected investment
17 in excess of ~~fifty million dollars (\$50,000,000)~~ one billion dollars
18 (\$1,000,000,000);

19 (D) That is undertaken by a taxpayer who has entered into
20 an incentive agreement with the State of Arkansas in which the taxpayer
21 commits to creating at least ~~one hundred (100)~~ four hundred (400) net new
22 full-time permanent employees with an average annual wage of at least sixty
23 thousand dollars (\$60,000);

24 (E) That will provide a positive cost-benefit analysis to
25 the state as determined by the commission and the Office of Economic Analysis
26 and Tax Research;

27 (F) That is certified as having a closing date before
28 ~~December 31, 2023~~ June 30, 2028, for all facilities, by which the taxpayer
29 has certified and the state has verified that necessary capital acquisition
30 and borrowing for the facilities has occurred to ensure that funds will be
31 available to:

32 (i) Secure a site for the facilities;

33 (ii) Obtain engineering services for the facilities;

34 (iii) Purchase equipment for the facilities; and

35 (iv) Commence construction on the facilities; and

36 (G) That is undertaken by a taxpayer that has elected by

1 agreement with the State of Arkansas for the taxpayer's facilities to be
2 classified as a qualified wood energy products and forest maintenance
3 project; and

4 (7)(A) "Wood energy products equipment" means:

5 (i) New or used machinery or equipment located in
6 Arkansas on the last day of the taxable year that is operated or used
7 exclusively in Arkansas to collect, separate, treat, pulverize, dry, modify,
8 or convert wood fiber and wood byproducts, including bark, so the resulting
9 product may be used as a raw material, for productive energy use, or to
10 manufacture other materials;

11 (ii) Devices that are directly connected with or are
12 an integral and necessary part of machinery or equipment operated or used
13 exclusively in Arkansas to collect, separate, treat, pulverize, dry, modify,
14 or convert wood fiber and wood byproducts, including bark, and are necessary
15 for the collection, separation, treatment, pulverization, drying,
16 modification, or manufacturing of wood fiber;

17 (iii) Equipment that produces energy with wood
18 power; and

19 (iv) A device that is directly connected with or is
20 an integral and necessary part of machinery or equipment operated or used
21 exclusively in Arkansas to produce energy with wood power.

22 (B) "Wood energy products equipment" does not include a
23 vehicle or trailer that is licensed or that normally would be licensed for
24 use on highways in Arkansas.

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26 SECTION 4. Arkansas Code § 26-51-2704(a), concerning the Arkansas Wood
27 Energy Products and Forest Maintenance Income Tax Credit, is amended to read
28 as follows:

29 (a) There is allowed a tax credit against the tax imposed by this
30 chapter in an amount equal to ~~thirty percent (30%)~~ twenty percent (20%) of
31 the costs of wood energy products equipment purchased for use in Arkansas
32 after the date specified in the incentive agreement by a taxpayer that:

33 (1) Is engaged in the business of collecting, separating,
34 treating, pulverizing, drying, modifying, or manufacturing wood energy
35 products and wood byproducts, including bark; and

36 (2) Has been certified as owning a qualified wood energy

1 products and forest maintenance project or a qualified wood energy products
2 and forest maintenance expansion project.

3
4 SECTION 5. Arkansas Code § 26-51-2704(b)(2)(B), concerning the
5 Arkansas Wood Energy Products and Forest Maintenance Income Tax Credit, is
6 amended to read as follows:

7 (B) Beginning July 1, ~~2021~~ 2026, and by July 15 of each
8 subsequent year, a taxpayer shall provide notice to the Department of Finance
9 and Administration of the amount of tax credits, including without limitation
10 tax credits the taxpayer expects will receive certification during the fiscal
11 year by the Department of Energy and Environment, subject to the limitation
12 in subdivision (b)(1) of this section, that will be sold or transferred for
13 value.

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15 SECTION 6. Arkansas Code § 26-51-2704(c)(7), concerning the Arkansas
16 Wood Energy Products and Forest Maintenance Income Tax Credit, is amended to
17 read as follows:

18 (7) Beginning July 1, ~~2021~~ 2026, by July 15 of each year, a
19 public retirement system with possession and control of tax credits under
20 this subsection shall provide notice to the Department of Finance and
21 Administration of the amount of tax credits, including without limitation tax
22 credits the public retirement system expects will receive certification
23 during the fiscal year by the Department of Energy and Environment, subject
24 to the limitations in subdivisions (c)(4) and (c)(5) of this section, to be
25 sold or transferred for value.

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27 SECTION 7. EFFECTIVE DATE. Sections 1-6 of this act are effective for
28 tax years beginning on or after January 1, 2026.