

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas

As Engrossed: S4/1/25

2 95th General Assembly

A Bill

3 Regular Session, 2025

SENATE BILL 530

4

5 By: Senators B. Davis, J. Dismang, J. English, Flippo, Gilmore, Hester, Irvin, B. Johnson, M. Johnson,
6 M. McKee, Rice, J. Scott, Stone

7 By: Representatives Beck, Achor, Andrews, Barker, Beaty Jr., Bentley, S. Berry, Breaux, M. Brown, Joey
8 Carr, Childress, Clowney, C. Cooper, Crawford, Eaton, Eaves, Eubanks, Furman, Gazaway, Gramlich,
9 Hall, Hawk, Holcomb, Hollowell, Jean, Magie, McClure, McGruder, S. Meeks, Milligan, K. Moore,
10 Painter, Perry, Pilkington, Richmond, Rye, Springer, Wardlaw, Warren, Wooten

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For An Act To Be Entitled

13

AN ACT TO AMEND THE ARKANSAS WOOD ENERGY PRODUCTS AND
14 FOREST MAINTENANCE INCOME TAX CREDIT; AND FOR OTHER
15 PURPOSES.

16

17

18

Subtitle

19

TO AMEND THE ARKANSAS WOOD ENERGY
20 PRODUCTS AND FOREST MAINTENANCE INCOME
21 TAX CREDIT.

22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24

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

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

33

34 SECTION 2. Arkansas Code § 26-51-2702 is amended to read as follows:
35 26-51-2702. Legislative purpose and intent.

36 The purpose and intent of this subchapter is to increase capacity in



1 the state for the use of ~~sawmill~~ mill residuals, including sawdust and wood
2 chips, wood byproducts, including bark, and thinnings to maintain a healthy
3 forest, ~~unwanted treetops, and damaged or diseased trees not wanted by~~
4 ~~sawmills.~~

5
6 SECTION 3. Arkansas Code § 26-51-2703(6) and (7), concerning the
7 definitions to be used under the Arkansas Wood Energy Products and Forest
8 Maintenance Income Tax Credit, are amended to read as follows:

9 (6) “Qualified wood energy products and forest maintenance
10 project” means a project specified in the incentive agreement to include one
11 (1) or more Arkansas facilities in the same ownership group:

12 (A) For which the taxpayer commenced construction by the
13 date specified in the incentive agreement, but no earlier than January 1,
14 2020;

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

20 (C) In which the taxpayer has a total projected investment
21 in excess of ~~fifty million dollars (\$50,000,000)~~ one billion dollars
22 (\$1,000,000,000);

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

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

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

36 (i) Secure a site for the facilities;

- 1 (ii) Obtain engineering services for the facilities;
2 (iii) Purchase equipment for the facilities; and
3 (iv) Commence construction on the facilities; and

4 (G) That is undertaken by a taxpayer that has elected by
5 agreement with the State of Arkansas for the taxpayer's facilities to be
6 classified as a qualified wood energy products and forest maintenance
7 project; and

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

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

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

21 (iii) Equipment that produces energy with wood
22 power; and

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

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

29

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

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

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

4 (2) Has been certified as owning a qualified wood energy
5 products and forest maintenance project or a qualified wood energy products
6 and forest maintenance expansion project.

7
8 SECTION 5. Arkansas Code § 26-51-2704(b)(2)(B), concerning the
9 Arkansas Wood Energy Products and Forest Maintenance Income Tax Credit, is
10 amended to read as follows:

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

18
19 SECTION 6. Arkansas Code § 26-51-2704(c)(7), concerning the Arkansas
20 Wood Energy Products and Forest Maintenance Income Tax Credit, is amended to
21 read as follows:

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

30
31 SECTION 7. EFFECTIVE DATE. Sections 1-6 of this act are effective for
32 tax years beginning on or after January 1, 2026.

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34 /s/B. Davis
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