

Arkansas Recycling Tax Credit: Arkansas Department of Energy & Environment - Division of Environmental Quality Program Update



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The Arkansas Department of Energy & Environment – Division of Environmental Quality (“DEQ”) has added a couple of new features to the Arkansas Recycling Equipment Tax Credit Program (“Tax Credit Program”).

DEQ implements the Tax Credit Program through its Enterprise Services.

The Arkansas General Assembly through Act 748 of 1991 established the Tax Credit Program for facilities establishing or expanding processes that utilize recyclables. See Ark. Code Ann. § 26-51-506 et seq.

The Tax Credit Program has been very beneficial to Arkansas manufacturing and processing facilities that have substituted recyclables in lieu of virgin feedstocks. It encourages recycling by allowing Arkansas taxpayers a 30% state income tax credit for the purchase of equipment used exclusively for collecting, separating, processing, modifying, converting, or treating solid waste for manufacturing products containing at least 50% recovered materials. At least 10% of the recovered materials must be post-consumer waste.

The cost of installation is also eligible.

The potential impact of the Tax Credit Program can be substantial. For example, if the total cost of equipment and installation of a piece of equipment is one \$1 million, the participant can subtract \$300,000 from the amount they owe the State of Arkansas.

DEQ operates this program in conjunction with the Arkansas Department of Finance & Administration (“DF&A”). DEQ Office of Enterprise Services staff administers the program for the agency.

DEQ initially reviews submissions of tax credit applications and determines eligibility. The regulations promulgated by DEQ to implement this program are found in Arkansas Pollution Control & Ecology Rule 16. If the machinery or equipment is determined to be eligible, DEQ provides a certification to DF&A.

DEQ has recently added a couple of enhancements to the Tax Credit Program.

Submissions of an Application for Preliminary Approval or Certification of Eligibility can be submitted electronically through DEQ’s e-Portal system.

DEQ has also prepared a document titled “Arkansas Recycling Tax Credit – Frequently Asked Questions” (“FAQ Guide”).

The FAQ Guide has a list of 23 questions that detail various aspects of the Tax Credit Program. A couple of examples of questions addressed include:

- What are eligible expenditures?
- What is recovered material?

Information or assistance is available by contacting Tommy Edgman, Enterprise Services Marketing Specialist, at 501-682-0592 or edgman@adeq.state.ar.us or Lucy Cross, Enterprise Services Director, at 501-682-0788 or cross@adeq.state.ar.us.

A copy of the FAQ Guide can be downloaded [here](#).