

95th Arkansas General Assembly: Sustainability Aviation Fuel Incentive Act



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House Bill 1303 has been filed which would create the:

Sustainable Aviation Fuel Incentive Act ("Act").

The Bill's lead sponsors are Representatives Lane Jean of Magnolia and Senator Matt Stone of Camden.

The stated purpose of the Bill is to create tax incentives related to sustainable aviation fuel. This would be undertaken by the enactment of a sales and use tax exemption on utilities used to produce sustainable aviation fuel.

"Sustainable aviation fuel" is defined to include:

...naptha-type jet fuel 34 derived from wood biomass.

The Bill would allow an income tax credit against the income tax imposed by this Chapter in an amount equal to \$1.09 per gallon of 100,000 gallons of sustainable aviation fuel purchased by an end user in the tax year. However, the amount of the income tax credit that may be claimed by a taxpayer in a tax year is prohibited from exceeding 50% of the amount of the taxpayer's income tax liability for that tax year. This would be deemed a sustainable aviation fuel end user credit.

An income tax credit against the income tax imposed by the Chapter would be allowed in an amount equal to 30% of the cost of sustainable aviation fuel production equipment purchased or facilities constructed for use in the state by a producer that has been certified as owning a qualified sustainable aviation fuel project. The income tax credit allowed under such Section is not allowed to exceed the lesser of \$10 million or the amount of income tax due by taxpayer. This would be deemed a sustainable aviation fuel producer credit.

Limitations on the income tax credit include:

- Cost-benefit analysis.
- Incentive agreement with performance criteria and 36 clawback provisions as specified in the Bill.

Various additional definitions provided in the Bill include:

- "End user".
- "Incentive agreement".
- "New full-time permanent employee".
- "Producer".
- "Qualified sustainable aviation fuel project".

- “Utility services”.

A copy of House Bill 1303 can be downloaded [here](#).