FOR RELEASE: Jan. 28, 2010

TAX CREDIT PROVIDES RECYCLING INCENTIVE

Recycling rates in Arkansas have steadily increased the past decade, likely in part because of a unique recycling equipment tax credit program administered by the Arkansas Department of Environmental Quality.

The incentive program is open to Arkansas taxpayers that purchase equipment used for commercial recycling. Taxpayers are eligible for a credit of 30 percent of the cost of the equipment.

ADEQ received about 100 applications for the recycling credit in 2008, with the state awarding $4.9 million in credits.

The credit is intended to spur waste reduction, reuse and recycling activities in the state.

According to ADEQ Director Teresa Marks, the tax credit is a strong motivation for environmentally friendly companies to do business in Arkansas. It’s also an incentive for sellers of recycling equipment.

“‘The recycling tax credit provides economic benefits to taxpayers who recycle. We all know the environmental benefits of recycling in the state, so we are fortunate to administer this successful program at ADEQ,’” Marks said.

The Arkansas Legislature approved the recycling tax credit in 1993. Arkansas Pollution Control and Ecology Commission Regulation No. 16 outlines eligibility requirements.

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About $140 million in tax credits have been issued during the life of the program.

The 30 percent credit is available for taxpayers who purchase recycling equipment used for manufacturing, modifying, collecting, converting, processing, separating or treating a product.

Eligible purchases could range from a smelter for steel recycling to inexpensive plastic bins for paper collection, Marks said.

To be eligible for the credit, the equipment must be used for commercial purposes. For instance, a business that purchases paper-recycling bins could meet eligibility requirements by accepting paper from others.

Additional restrictions regarding the composition of the product apply. Used equipment is eligible only if a credit has never been issued for that equipment.

Detailed eligibility rules and an application for the tax credit can be found at ADEQ’s Web site, [www.adeq.state.ar.us](http://www.adeq.state.ar.us).

Applications will be accepted until March 31 for equipment purchased or put into production in 2009.

ADEQ must verify the equipment is being used in accordance with regulations before the agency issues certification for the credit, usually within 90 days.

For taxpayers uncertain about whether future equipment purchases meet the guidelines, the agency has a pre-application process available.

The successful incentive program has helped Arkansas move closer to its goal of recycling 45 percent of the waste stream this year. In 2009, the state was almost at the goal already, having recycled 44.9 percent of waste.

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monitored by ADEQ. The agency releases an annual report that summarizes the past year and looks ahead to ADEQ’s future priorities. Those priorities this year include successful management of electronic waste recycling.

The report shows that recycling rates in Arkansas have increased by 66 percent since 2001, a strong indication that efforts like the tax credit program are working.

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