

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

A Bill

Act 900 of 2001
HOUSE BILL 2189

5 By: Representative Cleveland
6 By: Senator K. Smith
7

For An Act To Be Entitled

10 AN ACT TO AMEND ARKANSAS CODE 2-8-102 TO ADDRESS THE
11 DEFINITION OF "COST"; TO AMEND ARKANSAS CODE 2-8-103
12 TO ADDRESS THE START DATE; TO AMEND ARKANSAS CODE 2-
13 8-106 TO EXTEND THE CARRY FORWARD OF INCOME TAX
14 CREDITS EARNED BY BIOTECHNOLOGY OR ADVANCED BIOFUELS
15 COMPANIES; TO ADDRESS THE PAYBACK OF CREDITS IF A
16 BUSINESS CLOSES; AND FOR OTHER PURPOSES.

Subtitle

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19 TO AMEND THE BIOTECHNOLOGY INCENTIVES TO
20 CLARIFY START DATE OF BENEFITS; TO
21 EXTEND THE CARRY FORWARD OF TAX CREDITS;
22 TO ADDRESS THE PAYBACK OF TAX CREDITS.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code 2-8-102(7) is amended to read as follows:

28 (7) "Cost" means expenditures on or after the tax year beginning
29 January 1, 1997, and incurred after certification by the Director of the
30 Department of Economic Development that the company qualifies for incentives
31 under this chapter:

32 (A) In the case of biotechnology facilities and advanced
33 biofuels facilities, all activities and cost associated with site,
34 construction, expansion, improvement, renovation, or purchase of such
35 facilities, including costs incurred in the purchase and installation of
36 equipment, and support infrastructure;

1 (B) For the purpose of higher education partnerships,
2 costs and expenses of conducting qualified research through a cooperative
3 research project with one (1) or more state-supported institutions of higher
4 education in Arkansas for the conduct of qualified research;

5 (C)(i) For the purpose of training, costs shall be limited
6 to:

7 (a) A six-month period of training at the
8 facility; or

9 (b) The cost of tuition, books, and fees for a
10 program of secondary, undergraduate, or postgraduate education in an
11 accredited institution of higher learning.

12 (ii) The costs associated with subdivisions
13 (C)(i)(a) and (C)(i)(b) of this section eligible for the income tax credit
14 shall not include salaries and wages of the employees being trained.

15 (iii) Total costs for training shall not exceed ten
16 thousand dollars (\$10,000) per employee;

17 (D) In the case of transfer of title or finance lease, the
18 amount of the purchase price; or

19 (E) In the case of a lease which is not a finance lease
20 but which otherwise qualifies as a purchase under this section, the amount of
21 the lease payments due to be paid during the term of the lease after
22 deducting any portion of the lease payments attributable to interest,
23 insurance, and taxes;

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25 SECTION 2. Arkansas Code 2-8-103(d) is amended to read as follows:

26 (d) No income tax credit shall be claimed by any taxpayer for any
27 facility or equipment which is in use on January 1, 1997 or before the
28 certification of the company for tax credits, or for which a tax credit was
29 previously claimed by any other taxpayer for any other tax year. Provided,
30 however, that the provisions of this subdivision shall not apply if any
31 entity is sold and the entity is entitled to an income tax credit under this
32 chapter.

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34 SECTION 3. Arkansas Code 2-8-106(a) and (b) is amended to read as
35 follows:

36 (a) The income tax credits provided in this section shall be used to

1 offset the first fifty thousand dollars (\$50,000) of income tax liability
2 arising during the credit year and fifty percent (50%) of any remaining
3 income tax liability for the year. Any unused credit may be carried forward
4 for a maximum of ~~nine (9)~~ fourteen (14) taxable years after the credit year
5 in which the credit originated.

6 (b) The taxpayer shall refund the amount of the income tax credit
7 determined by subsection (c) of this section if, within ~~nine (9)~~ fourteen
8 (14) years of the taxable year for which the credit is originated:-

9 ~~(1) The biotechnology or advanced biofuels facility ceases to be~~
10 ~~used or operated in the manner required by this section; and~~

11 ~~(2) The~~ the Department of Economic Development and the
12 Department of Finance and Administration find that the taxpayer has ceased to
13 qualify for tax credits under the provisions of this chapter.

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APPROVED: 3/19/2001