

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.

**Act 1039 of the Regular Session**

1 State of Arkansas  
2 86th General Assembly  
3 Regular Session, 2007  
4

*As Engrossed: S3/19/07 H3/29/07*

**A Bill**

SENATE BILL 586

5 By: Senator T. Smith  
6 By: Representatives Saunders, Sample, Shelby  
7  
8

**For An Act To Be Entitled**

9  
10 *AN ACT TO ADJUST THE AMOUNT OF TAX CREDIT UNDER*  
11 *THE "ARKANSAS TOURISM DEVELOPMENT ACT; AND FOR*  
12 *OTHER PURPOSES.*  
13

**Subtitle**

14  
15 *AN ACT TO ADJUST THE AMOUNT OF TAX*  
16 *CREDIT UNDER THE "ARKANSAS TOURISM*  
17 *DEVELOPMENT ACT.*  
18  
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
21

22 *SECTION 1. Arkansas Code §15-11-505 is amended to read as follows:*

23 *15-11-505. Standards for preliminary and final approval of companies*  
24 *and projects.*

25 *(a) The Director of the Department of Economic Development shall*  
26 *establish standards for final approval of eligible companies and their*  
27 *projects by the promulgation of administrative regulations in accordance with*  
28 *the Arkansas Administrative Procedure Act, § 25-15-201 et seq.*

29 *(b) The Director of the Department of Economic Development shall*  
30 *obtain the review and advice of the Director of the Department of Parks and*  
31 *Tourism prior to designating an entity as an approved company eligible for*  
32 *the tourism incentive.*

33 *~~(b)(c)~~ The director may give approval by designating an eligible*  
34 *company as an approved company and authorizing the undertaking of the tourism*  
35 *attraction project.*



1       ~~(e)~~(d) The director shall review the information that has been made  
2 available to the director in order to determine whether the tourism  
3 attraction project will further the purposes of this subchapter.

4       ~~(d)~~(e) The criteria for final approval of eligible companies and  
5 tourism attraction projects shall include, but shall not be limited to, the  
6 criteria set forth in § 15-11-504(c).

7       ~~(e)~~(f) After a review of the relevant materials, other information  
8 made available to the director, ~~and~~ the completion of other inquiries, and  
9 the review and advice of the Director of the Department of Parks and Tourism,  
10 the director may give final approval to the eligible company's application  
11 for a tourism attraction project and may grant the approval to the eligible  
12 company in the form of a financial incentive agreement.

13  
14       SECTION 2. Arkansas Code § 15-11-510(a), concerning special rules for  
15 certain lodging facilities, is amended to read as follows:

16       (a) A lodging facility may qualify as a tourism attraction project, as  
17 defined in § 15-11-503, entitled to the benefits of this subchapter even  
18 though the lodging costs represent one hundred percent (100%) of the total  
19 project costs, provided the approved costs for the lodging facility exceed  
20 five million dollars (\$5,000,000), and:

21               (1) The lodging facility is attached to a convention center  
22 containing a minimum of seventy-five thousand square feet (75,000 sq. ft.);  
23 or

24               (2)(A) The lodging facility contains a minimum of twelve  
25 thousand square feet (12,000 sq. ft.) of meeting or exhibit space.

26               (B) The benefits provided by this subchapter shall not be  
27 available to a lodging facility with approved costs exceeding five million  
28 dollars (\$5,000,000) and containing a minimum of twelve thousand square feet  
29 (12,000 sq. ft.) of meeting or exhibit space unless the Director of the  
30 Department of Economic Development designates the lodging facility as an  
31 approved company and authorizes the undertaking of the tourism attraction  
32 project prior to April 1, 2009.

33  
34       SECTION 3. Arkansas Code § 15-11-511, concerning special rules for  
35 qualified amusement parks, is amended to add an additional subsection to read  
36 as follows:

1           (d)(1) Notwithstanding the other provisions of this subchapter, a  
2 qualified amusement park that on or after January 1, 2006, enters into an  
3 agreement that provides that the qualified amusement park shall expend  
4 approved costs of more than one million dollars (\$1,000,000) shall be  
5 entitled to a sales tax credit if the qualified amusement park certifies to  
6 the Director of the Department of Finance and Administration that it has  
7 expended at least one million dollars (\$1,000,000) in approved costs and the  
8 Director of the Department of Economic Development certifies that the  
9 qualified amusement park is in compliance with this subchapter.

10           (2) The Director of the Department of Finance and Administration  
11 shall then issue a sales tax credit memorandum to the qualified amusement  
12 park equal to twenty-five percent (25%) of the approved costs. The sales tax  
13 credit memorandum may be used to offset the liability of the qualified  
14 amusement park for:

15                   (A) Gross receipts tax levied under the Arkansas Gross  
16 Receipts Act of 1941, § 26-52-101 et seq.; and

17                   (B) Tourism gross receipts tax levied under § 26-52-1001  
18 et seq.

19           (3) The Director of the Department of Finance and Administration  
20 may require proof of expenditures.

21           (4) Additional credit memoranda may be issued as the qualified  
22 amusement park certifies additional expenditures of approved costs.

23           (5)(A) No sales tax credit memorandum shall be issued for any  
24 approved costs expended after the expiration of two (2) years from the date  
25 the agreement was signed by the Director of the Department of Economic  
26 Development and the qualified amusement park.

27                   (B) However, the Director of the Department of Economic  
28 Development, with the advice and consent of the Director of the Department of  
29 Finance and Administration, may authorize sales tax credits for approved  
30 costs expended up to four (4) years from the date the agreement was signed if  
31 the Director of the Department of Economic Development determines that the  
32 failure to complete the tourism attraction project within two (2) years  
33 resulted from:

34                           (i) Unanticipated and unavoidable delay in the  
35 construction of the tourism attraction project;

36                           (ii) The tourism attraction project, as originally

1 planned, will require more than two (2) years to complete; or

2 (iii) A change in business ownership or business  
3 structure resulting from a merger or acquisition.

4 (6) The credit memorandum issued pursuant to subdivision (d)(2)  
5 of this section may be used to offset one hundred percent (100%) of the  
6 reported state tax liability as provided in subdivision (d)(2) of this  
7 section of the qualified amusement park for all sales tax reporting periods  
8 following the issuance of the credit memorandum, subject to the following  
9 limitations:

10 (A) Unused credits may be carried forward for a period of  
11 nine (9) years; and

12 (B) All issued credit memoranda shall expire at the end of  
13 the month following the expiration of the agreement as provided in § 15-11-  
14 506.

15 (7) The approved company shall have no obligation to refund or  
16 otherwise return any amount of this credit to the person from whom the sales  
17 tax was collected.

18 (8) By April 1 of each year, the Director of the Department of  
19 Finance and Administration shall certify to the Director of the Department of  
20 Economic Development the state sales tax liability of the qualified amusement  
21 parks receiving inducements under this section and the amount of state sales  
22 tax credits taken during the preceding calendar year.

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24 SECTION 4. Effective date. Section 3 of this act shall apply  
25 retroactively to July 1, 2006.

26  
27 /s/ T. Smith

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29 **APPROVED: 4/4/2007**