

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 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: S3/12/03

A Bill

Act 857 of 2003
HOUSE BILL 1374

5 By: Representatives Matayo, *Dobbins*
6 By: *Senator Holt*
7

For An Act To Be Entitled

10 AN ACT TO REVISE CERTAIN DEFINITIONS IN THE
11 PROVISIONS CONCERNING COMPUTING CAPITAL GAINS AND
12 LOSSES; AND FOR OTHER PURPOSES.
13

Subtitle

14 AN ACT TO REVISE CERTAIN DEFINITIONS IN
15 THE PROVISIONS CONCERNING COMPUTING
16 CAPITAL GAINS AND LOSSES.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 26-51-815(d), concerning the definitions
23 for computing capital gains and losses, is amended to read as follows:

24 (d)(1) If a taxpayer has a net capital gain from a venture capital
25 investment, one hundred percent (100%) of the gain shall be exempt from the
26 Income Tax Act of 1929, § 26-51-101 et seq., if:

27 (A) The venture capital investment was initially made on
28 or after January 1, 2001; and

29 (B) The venture capital investment was held for at least
30 five (5) years prior to disposition.

31 (2)(A) "Venture capital" means equity financing, broadly
32 defined, including early stage research, development, commercialization, seed
33 capital for startup enterprises, and other risk capital for expansion of
34 entrepreneurial enterprises doing business in Arkansas that are qualified
35 technology-based enterprises doing business in Arkansas, qualified
36 biotechnology enterprises doing business in Arkansas, or qualified technology



1 incubator clients doing business in Arkansas.

2 (B) "Venture capital" does not include the purchase of a
3 share of stock in a company if, on the date on which the share of stock is
4 purchased, the company has securities outstanding that are:

5 (i) Registered on a national securities exchange
6 under Section 12(b) of Title I of the Securities Exchange Act of 1934 as it
7 exists on January 1, 2001;

8 (ii) Registered or required to be registered under
9 Section 12(g) of Title I of the Securities Exchange Act of 1934 as it exists
10 on January 1, 2001; or

11 (iii) Required to be registered except for the
12 exemptions in Section 12(g)(2) of Title I of the Securities Exchange Act of
13 1934 as it exists on January 1, 2001.

14 (C) "Qualified biotechnology enterprise" means a
15 corporation, partnership, limited liability company, sole proprietorship, or
16 other entity that is certified by the department pursuant to § 2-8-108.

17 (D) "Qualified technology incubator" means a business
18 incubator certified by the Board of Directors of the Arkansas Science and
19 Technology Authority as being a facility operated in cooperation with an
20 Arkansas college or university to foster the growth of technology based
21 enterprises;

22 ~~(D)~~(E) "Qualified technology incubator client" means a
23 corporation, partnership, limited liability company, sole proprietorship, or
24 other entity that, as of the date of the venture capital investment, is
25 certified by ~~the University of Arkansas~~ an Arkansas college or university as
26 currently receiving, or having received within the previous three (3) years,
27 the services of ~~the GENESIS Technology Incubator at the University of~~
28 ~~Arkansas~~ a qualified technology incubator.

29 ~~(E)~~(F) "Qualified technology-based enterprise" means a
30 corporation, partnership, limited liability company, sole proprietorship, or
31 other legal entity whose primary business directly involves ~~information~~
32 ~~technology, nano technology, or emerging technology for energy such as micro-~~
33 ~~turbines that is doing business in Arkansas~~ commercializing the results of
34 research in fields having long term economic or commercial value to the state
35 and have been identified in the research and development plan approved by the
36 Board of Directors of the Arkansas Science and Technology Authority.

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/s/ Matayo

APPROVED: 3/28/2003