

Stricken language would be deleted from and underlined language would be added to present law.
Act 94 of the 2nd Extraordinary Session

1 State of Arkansas

As Engrossed: S1/30/04 H2/4/04

Call Item 6

2 84th General Assembly

A Bill

3 Second Extraordinary Session, 2003

SENATE BILL 80

4

5 By: Senators Salmon, Higginbotham

6 By: Representative Jones

7

8

9

For An Act To Be Entitled

10 AN ACT TO INCREASE THE CORPORATE FRANCHISE TAX;
11 AND FOR OTHER PURPOSES.

12

13

Subtitle

14

INCREASES THE CORPORATE FRANCHISE TAX.

15

16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

17

18 SECTION 1. Arkansas Code § 26-54-104 is amended to read as follows:

19 26-54-104. Annual franchise tax.

20 ~~(a)~~ Every corporation shall file an annual franchise tax report and
21 pay an annual franchise tax, unless exempted under § 26-54-105, as follows:

22 (1) Each life, fire, accident, surety, liability, steam boiler,
23 tornado, health, or other kind of insurance company of whatever nature,

24 having an outstanding capital stock of less than five hundred thousand

25 dollars (\$500,000) shall pay ~~one hundred dollars (\$100)~~ three hundred dollars

26 (\$300). Each such company having an outstanding capital stock of five

27 hundred thousand dollars (\$500,000) or more shall pay ~~two hundred dollars~~

28 ~~(\$200)~~ four hundred dollars (\$400);

29 (2) Each legal reserve mutual insurance corporation having

30 assets of less than one hundred million dollars (\$100,000,000) shall pay ~~one~~

31 ~~hundred dollars (\$100)~~ three hundred dollars (\$300). Each such corporation

32 having assets of one hundred million dollars (\$100,000,000) or more shall pay

33 ~~two hundred dollars (\$200)~~ four hundred dollars (\$400);

34 (3) Each mutual assessment insurance corporation shall pay ~~one~~

35 ~~hundred dollars (\$100)~~ three hundred dollars (\$300);

36 (4) Each mortgage loan corporation shall pay an amount



1 equivalent to ~~twenty-seven one hundredths of one percent (0.27%)~~ three-tenths
2 of one percent (0.3%) of that proportion of the par value of its outstanding
3 capital stock that its aggregate outstanding loans made in the State of
4 Arkansas bears to the total aggregate outstanding loans made in all states.
5 No corporation shall pay an annual tax of less than ~~one hundred dollars~~
6 ~~(\$100)~~ three hundred dollars (\$300) ~~nor more than one million seventy-five~~
7 ~~thousand dollars (\$1,075,000);~~

8 (5) Each corporation, other than those in subdivisions (2)-(4)
9 of this section, without authorized capital stock shall pay ~~one hundred~~
10 ~~dollars (\$100)~~ three hundred dollars (\$300);

11 (6) Each corporation, other than those in subdivisions (1)-(5)
12 of this section, shall pay an amount equivalent to ~~twenty-seven one-~~
13 ~~hundredths of one percent (0.27%)~~ three-tenths of one percent (0.3%) of that
14 proportion of the par value of its outstanding capital stock that the value
15 of its real and personal property in the State of Arkansas bears to the total
16 value of the real and personal property of the corporation. No corporation
17 shall pay an annual tax of less than ~~fifty dollars (\$50.00)~~ one hundred fifty
18 dollars (\$150) ~~nor more than one million seventy-five thousand dollars~~
19 ~~(\$1,075,000);~~

20 (7) Each corporation, actually and actively in the process of
21 liquidation and which does not rent or lease its property but which retains
22 its corporate charter or authority for the sole purpose of winding up its
23 affairs, shall pay an annual tax as provided in subdivision (6) of this
24 section or an amount equivalent to ~~twenty-seven one hundredths of one percent~~
25 ~~(0.27%)~~ three-tenths of one percent (0.3%) of the value of its real and
26 tangible personal property in Arkansas, whichever is smaller, but in no
27 instance shall the tax be less than ~~fifty dollars (\$50.00)~~ one hundred fifty
28 dollars (\$150) ~~nor more than one million seventy-five thousand dollars~~
29 ~~(\$1,075,000);~~

30 (8) Organizations formed pursuant to the Small Business Entity
31 Tax Pass Through Act, § 4-32-101 et seq., shall pay the minimum franchise
32 tax.

33 ~~(b)(1) In addition to the annual franchise taxes levied in subsection~~
34 ~~(a) of this section, there is hereby levied a franchise tax of three dollars~~
35 ~~(\$3.00) per year on each corporation required to report and remit franchise~~
36 ~~taxes under that subsection. All revenues derived from the additional~~

1 ~~franchise tax levied in subsection (a) of this section shall be deposited in~~
2 ~~the State Treasury as special revenues and shall be credited to the Voter~~
3 ~~Registration Signature Imaging System Fund and shall be used exclusively for~~
4 ~~acquiring and operating a voter registration signature imaging system in the~~
5 ~~office of the Secretary of State.~~

6 ~~(2) There is hereby created on the books of the Treasurer of~~
7 ~~State, the Auditor of State, and the Chief Fiscal Officer of the State a fund~~
8 ~~to be known as the "Voter Registration Signature Imaging System Fund".~~

9
10 SECTION 2. The increased rate of franchise tax provided in Section 1
11 of this act shall be effective for calendar years beginning January 1, 2004.
12 Taxes due for calendar years prior to 2004 shall remain due and payable at
13 the rates in existence prior to the effective date of this act.

14
15 SECTION 3. Arkansas Code § 26-54-105(c), concerning the filing of
16 franchise tax reports, is amended to read as follows:

17 (c)(1) Each corporation subject to the requirements of this chapter
18 shall file a franchise tax report with the Secretary of State which shows its
19 condition and status as of the close of business on December 31, ~~last~~
20 preceding, of the preceding calendar year, and other information required by
21 the Secretary of State.

22 (2)(A) The franchise tax as computed on the report shall be
23 remitted with the franchise tax report on or before June 1 of the reporting
24 year for franchise tax due for calendar year 2003 and years prior to 2003.

25 (B) The franchise tax as computed on the report shall be
26 remitted with the franchise tax report on or before May 1 of the reporting
27 year for franchise tax due for calendar year 2004 and subsequent years.

28
29 SECTION 4. Effective July 1, 2004, Arkansas Code § 26-54-113 is
30 amended to read as follows:

31 26-54-113. Disposition of funds.

32 (a) All taxes and penalties collected under the provisions of this
33 chapter each month shall be ~~general revenues and shall be~~ deposited in the
34 State Treasury to the credit of the Revenue Holding Fund Account of the State
35 Apportionment Fund.

36 (b)(1) The State Treasurer, on or before the fifth day of the

1 following month, shall allocate and transfer the taxes and penalties
2 collected ~~to the various State Treasury funds participating in general~~
3 ~~revenues in the respective proportions to each as provided by, and to be used~~
4 ~~for the respective purposes set forth in the Revenue Stabilization Law of~~
5 ~~Arkansas, § 19-5-101 et seq~~ to the General Revenue Fund Account of the State
6 Apportionment Fund until a total of eight million dollars (\$8,000,000) has
7 been transferred during a fiscal year.

8 (2) After the transfers required by subdivision (b)(1) of this
9 section have been made, the taxes and penalties collected under this
10 subchapter during the remainder of the fiscal year shall be special revenues
11 and the Treasurer of State shall transfer the taxes and penalties collected
12 to the Educational Adequacy Trust Fund after making the deductions required
13 by § 19-5-203(b)(2).

14
15 SECTION 5. (a) There is created on the books of the Treasurer of
16 State, the Auditor of State, and Chief Fiscal Officer of the State a special
17 revenue fund to be known as the "Educational Adequacy Trust Fund".

18 (b) The Educational Adequacy Trust Fund shall consist of the revenues
19 credited to the fund under Arkansas Code § 26-54-113(b)(2), and other
20 revenues provided by law.

21 (c) On the last day of the month, the Treasurer of State shall
22 transfer amounts available in the Educational Adequacy Trust Fund to the
23 Department of Education Public School Fund Account established in Arkansas
24 Code § 19-5-305, to be used for the purposes as provided by law. The
25 Treasurer of State shall make the transfer after making the deductions
26 required from the net special revenues as set out in Arkansas Code § 19-5-
27 203(b)(2)(A).

28
29 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
30 General Assembly, that the provision of an equal opportunity for an adequate
31 education to all the citizens of the state is imperative; that additional
32 funds are immediately needed to provide an equal opportunity for an adequate
33 education; that this act is designed to provide the additional revenues
34 needed to provide this equal opportunity to all citizens; and that a delay in
35 the effective date of this act will cause irreparable harm upon the provision
36 of essential education opportunities and the proper administration of

1 educational programs. Therefore, an emergency is declared to exist and this
2 act being immediately necessary for the preservation of the public peace,
3 health and safety shall be in full force and effect from and after the date
4 of March 1, 2004.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

/s/ Salmon, et al

APPROVED: 2/10/2004