

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Moore**

A Bill

SENATE BILL

For An Act To Be Entitled

8 "AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR INVESTMENT IN
9 QUALIFIED DEPRECIABLE PROPERTY FOR MANUFACTURING
10 OPERATIONS; AND FOR OTHER PURPOSES."

11

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

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14 SECTION 1. For income years beginning after December 31, 1990 and
15 ending before January 1, 1997, there shall be allowed a credit against the tax
16 imposed by the Arkansas Income Tax Act, as amended, Arkansas Code §§26-51-101
17 et seq., §26-51-205, and §26-51-303 for investment in qualified depreciable
18 property placed in service during those years for use in manufacturing
19 operation in this state.

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21 SECTION 2. "Manufacturer" or "Manufacturing Operation" means any
22 person, including individuals, corporations and other legal entities engaged
23 in a business classified as manufacturing in the Federal Standard Industrial
24 Classification Codes 20-39.

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26 SECTION 3. The credit provided for in this act shall not be allowed
27 unless the investment in qualified depreciable property is at least one
28 million dollars (\$1,000,000). Qualified property shall be limited to
29 machinery, fixtures, equipment, buildings, or substantial improvements
30 thereto, placed in service in this state during the income year.

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32 SECTION 4. The credit allowed by this act shall be determined by
33 multiplying the cost of the qualified property in the year the property is
34 placed in service by one one-hundredth (.01). The credit so computed shall be
35 utilized and applied to the taxpayer's state income tax liability but not to

1 exceed fifty percent (50%) of the taxpayer's total income tax liability for
2 the reporting year. Amounts which are in excess of the fifty percent (50%)
3 limitation shall be carried over to the next succeeding income year for a
4 total period of seven (7) years following the year in which the credit was
5 first available for use or until the credit is exhausted, whichever occurs
6 first.

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8 SECTION 5. No credit shall be allowed by this act to any organization
9 which is exempt from state income tax.

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11 SECTION 6. The amount of the credit determined under this act for any
12 income year shall be apportioned between the estate or trust and the
13 beneficiaries on the basis of the income of the estate or trust allocable to
14 each. Beneficiaries shall be allowed to use their allocable share of the
15 credit under this act subject to the limitations provided herein.

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17 SECTION 7. The tax credit provided by this act shall be supplemental
18 and in addition to all other tax credits provided by law.

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20 SECTION 8. The Revenue Division of the Department of Finance and
21 Administration, after consultation with the Arkansas Industrial Development
22 Commission, shall promulgate such rules and regulations as may be deemed
23 necessary to carry out the purposes of this act.

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25 SECTION 9. The tax credit provided by this act shall expire on
26 December 31, 1996. Any unused credits may be carried over beyond that date in
27 accordance with Section 4 of this act.

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29 SECTION 10. All provisions of this act of a general and permanent
30 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
31 Code Revision Commission shall incorporate the same in the Code.

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33 SECTION 11. If any provision of this act or the application thereof to
34 any person or circumstance is held invalid, such invalidity shall not affect
35 other provisions or applications of the act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 act are declared to be severable.

3 SECTION 12. All laws and parts of laws in conflict with this act are
4 hereby repealed.

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6 SECTION 13. EMERGENCY. It is hereby found and determined by the
7 General Assembly that expansion and modernization by Arkansas manufacturers
8 and attraction of new industries to Arkansas is necessary to stimulate the
9 economy of the state; that the tax credit provided by this act will enable
10 them to remain competitive in the domestic and international markets by
11 offsetting the extraordinary costs of capital improvements; and that the
12 incentives afforded by this act can serve to stimulate the economy and failure
13 to act immediately will result in the loss of jobs and industry in Arkansas.
14 Therefor, an emergency is declared to exist and this act being necessary for
15 the preservation of the public peace, health and welfare shall be in full
16 force and effect from and after its passage and approval.

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